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NEWS SUMMARY

GENERAL

Nurses to vote again on pay offer

The Royal College of Nursing health unions by deciding to ballot its members again on the Government's 7.5 per cent pay offer to nurses.

The decision dashed hopes among other unions that the RCN would reject the offer. They fear that the five-week period needed for the ballot may bring about a slackening of the militancy and solidarity seen so far.

Last month the RCN's 190,000 members voted to reject a 6.4 per cent offer by a 2-1 majority. Back Page

BUSINESS

Earnings rise tops rate of inflation

AVERAGE EARNINGS rose 10.3 per cent in the year to May, above the inflation rate increase.

calculated by the retail price tax and price indices. Page 8; Wage rises, Page 7

Fierce fighting as Iranian forces cross into Iraq

IRANIAN FORCES smashed through Iraq's border defences yesterday and claimed to have advanced 15 miles after fierce fighting. An Iraqi military spokesman conceded that his troops had given ground but said they had launched a successful counter attack. Our Foreign Staff reports.

The Iranian invasion came after 22 months of fighting. In the past six months the military tide has turned relentlessly against the Baghdad regime, causing growing alarm among the conservative oil-producing states in the region. At least 90,000 men are estimated to have died since Iraq invaded Iran in September 1980.

Ayatollah Khomeini, Iran's religious leader, has pledged to overthrow Iraq's President Saddam Hussein and is also demanding payment of \$150bn (£87bn) in war reparations.

Iran's national news agency reported that Iraqi aircraft yesterday bombed the cities of Kermanshah, Khorramabad and Ham, killing hundreds of civilians.

The Iranian thrust is understood to have come about 20 miles north of Iraq's main port of Basra on the disputed Shatt al-Arab waterway. There have been few details of the fighting but Iraq claimed to have advanced to within nine miles of Basra, smashed two Iraqi divisions and captured 400 prisoners.

In Washington, the State Department said the Iranian assault had been launched during darkness because of high daytime temperatures. Officials thought that Iranian advance could have penetrated up to 20 miles but said they still had no clear picture of Iranian military objectives.

The U.S. has reaffirmed its neutrality in the war but said it was prepared to consult the combatant's Gulf neighbours on ways to support them if their security was threatened.

After a meeting with President Reagan, Mr Howard Baker, the Senate Republican leader, said the attempt by Iran to extend Moslem fundamentalism would be unsettling for Saudi Arabia.

Jordan and other countries in the Middle East.

Richard Johns adds: The Iranian invasion will have no immediate impact on availability of oil, but has led to apprehension in the industry over the possible repercussions on the production policies of other Gulf producers.

Iraq's production from its southern fields in the vicinity of Basra stopped at the outset of the conflict in 1980, together with shipments by it through the Gulf.

Gulf war poses queries, Page 6



Police rapped

Two Madrid policemen have been disciplined for ejecting English soccer fans violently from a bar during the World Cup.

Jet escapes

A Singapore Airlines Boeing 747 made an emergency landing at Jakarta after flying into a cloud of volcanic ash. Last month, over Java, a British Airways 747 was involved in a similar incident.

Ozal resigns

Turkey's deputy premier Turgut Ozal, architect of the country's economic recovery over the past 18 months, resigned after disagreements with the military government. Back Page

Factory blast

A blast ripped through a Bangkok factory which made explosive caps, killing seven workers and injuring 70.

Stones go-ahead

Naples city officials have given conditional approval for a Rolling Stones concert at the weekend, in spite of church protests that the group promotes violence and immorality.

Weight watchers

The Romanian Communist Party unveiled a programme of "scientific nourishment" aimed at cutting the population's calorie intake and stressing a diet of meat, vegetables and milk. Page 2

Inquiry delay

The work of the Falklands Inquiry is likely to be delayed as the chairman Lord Franks, 77, is having treatment for a cataract.

Calls blocked

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Singer fined

Actress and singer Dinah Shore, 62, was fined £100 by Usbridge magistrates after she admitted stealing a £27 bottle of perfume from a Heathrow duty-free shop.

Wednesday deadline for rail closure

BRITISH RAIL is to shut the railway network from next Wednesday and dismiss all 28,000 train drivers, still on strike unless there is a substantial return to work, it announced yesterday.

However, BR is not for the moment attempting the legally-fraught suspension of the industry's guaranteed work arrangements, which would mean stopping the pay of its entire workforce. Including the National Union of Railwaymen and the Transport Salaried Staffs Association.

Sir Peter Parker, BR chairman, said it was a "sad black day for British Rail". His sombre tone was echoed in the Commons by Mr David Howell, the Transport Secretary, who said: "The path ahead for British Railways is very dark."

The long-expected decision of BR to take firm action against the Associated Society of Locomotive Engineers and Firemen's strike was taken on Tuesday, but not formally disclosed until yesterday, to allow the Advisory Conciliation and Arbitration Service to pursue its abortive initiative to try to prevent the closure.

Following the failure of the Accs talks, which ended early yesterday morning without agreement, BR said that the railway system would be shut from 00:01 hours next Wednesday (one minute past Tuesday midnight) unless there was a substantial return to work by Aslef members.

BR did not specify the level it would regard as substantial. Despite the fact that in the last few days increasing numbers of drivers have returned to work—668 by 4 pm yesterday, including 391 Aslef members, allowing 1,133 trains to be run, compared with 1,083 the same time on Tuesday—BR acknowledges that the numbers are still marginal.

Sir Peter said: "I don't think we can expect a flood in a return to work. I don't think that is the way the Aslef membership will respond to this crisis. I have never had illusion about that."

BR will try to maintain trains in areas where it feels regular and economic services are possible. On the basis of recent figures, this could include large parts of Southern Region and areas such as Birmingham and Manchester.

BR is reluctant to tackle, before it really has to, the legal complexities of suspending the guaranteed week for the NUR and the contractual salary arrangement for members of RPSA.

The unions are ready to seek an injunction restraining BR if necessary, and BR clearly is unsure about its ability to defend its action successfully in the courts.

If the closure goes ahead all non-striking employees will receive only their basic minimum pay.

Shutting the network while still paying minimum wages will save BR about £29m a week, £12m in pay and £17m in other operating costs reducing its weekly costs to about £11m. Suspending the guaranteed working week would reduce them to about £8m.

Only about 5,000 safety and other staff necessary to safeguard the system would be required to report for work.

The sacking of all staff still on strike, or taking industrial action, would take effect on Tuesday and include NUR members refusing to cross Aslef picket lines, a point on which BR has taken legal advice.

Letters will be sent to Continued on Back Page

U.S. budget deficit may top \$160bn

THE U.S. federal budget deficit for the 1983 fiscal year is likely to be \$160bn to \$170bn (£33bn to £39bn), according to authoritative New York estimates, rather than the \$104bn forecast by the U.S. administration after Congress gave its blessing to President Ronald Reagan's latest budget plans.

This will complicate the task of Mr Paul Volcker, chairman of the Federal Reserve, the U.S. central bank, in his half-yearly report to Congress next Tuesday in which he has to reassess monetary targets for the second half of 1982 and present provisional objectives for 1983.

He is expected to confirm the more flexible interpretation of the monetary targets already observed by the markets. The Fed has been influenced by evidence that the squeeze has gone further than intended. On the other hand Mr Volcker will want to reaffirm the Fed's long-term anti-inflationary stance.

There are differences of opinion in the Fed on how far to take into account, in reassessing its targets, the rise in the dollar and the associated 20 per cent loss of U.S. competitive power in the past couple of years.

Informed European observers do not expect Mr Volcker to abandon the 2 1/2 to 5 per cent target for the growth of money supply M1 already announced for this year and which has been achieved almost to perfection in the first half of the year. But he is expected to emphasize the inevitability of short-term deviations and the increasing uncertainty about the relation between the various measures of the money supply and the growth of the money national income. Economic Viewpoint, Page 21

AEG given £139m loan guarantee

THE West German Government yesterday granted AEG-Telefunken loan guarantees of up to DM 600m (£139m) to cover its major export contracts, a crucial first step in giving the troubled electrical group time to press ahead with its controversial restructuring plan.

Count Otto Lamsdorff, the Federal Economics Minister, made clear after a Cabinet meeting that the loan guarantee alone would not be sufficient to ease AEG's acute liquidity problem. It is also conditional on the banks providing some DM 275m in new funds to underpin the group.

The Minister defended the decision to provide the credit guarantee on the grounds that the Government had a duty to avoid any risk to the whole German economy and to defend the reputation of the country's export industry.

Not all 24 members of the AEG banking consortium are prepared to provide further finance—some only hold shares in the company and have no direct credit lines. However, the company appears assured of receiving its DM 275m, albeit against specific collateral, which is expected to take the form of shares in AEG-Kabel, a profitable cable-making subsidiary of AEG.

The state loan guarantee, which will cover manufacturing finance as well as performance bonds on export contracts, should be worth around DM 300-350m. Together with the bank measures, it is expected to safeguard AEG's liquidity position at least until the year end.

The state guarantee is expected also to provide a psychological boost, allowing AEG to return to more normal trading conditions with suppliers and customers. Equally it should help allay fears among the company's foreign creditors, AEG has worldwide debts of DM 5bn.

Count Lamsdorff insisted that finding a solution to the crisis surrounding AEG, one of the country's largest corporations, was primarily a matter for the company and West German industry, not for the state. The Government would not put forward its own restructuring plan for AEG, and the state would not take a financial stake in the company—either directly or indirectly.

Both the AEG workforce and the management must be ready to make sacrifices, he said.

The question of financial aid to AEG has raised criticism from small and medium-sized business in the Federal Republic on the grounds that such support was only available for big companies.

Thousands of small businesses have been allowed to collapse during the recession of the last two years, but Count Lamsdorff pointed out that many medium-sized companies depended on AEG for their business.

Some 123,000 jobs are directly at stake in AEG, 99,000 in West Germany itself. A collapse of the company would hit thousands more jobs among its suppliers, as well as possibly triggering a more general crisis of business confidence.

AEG's chances of long-term survival now depend on whether the management can push through its radical restructuring package, "AEG-83," which envisages splitting the group into two separate companies. It plans to dispose of at least a majority holding in the heavily loss-making consumer electronics subsidiary, Telefunken.

It still faces many obstacles in implementing the complicated rescue package, however, and its plans may well have to be altered in coming months.

Count Lamsdorff stressed yesterday that the decision to grant the export business loan guarantee did not pre-judge the Government's reaction to AEG's application for overall loan guarantees totalling DM 1bn from Bonn and DM 550m from four state governments.

Ambrosiano pressure on Vatican

THE VATICAN bank, Istituto per le Opere di Religione, is being pressed to repay up to \$1.6bn (£812m) of loans made by Italy's Banco Ambrosiano to several Panama-registered companies operating under the umbrella of the bank of the Holy See.

The mysterious loss of the \$1.6bn, which lies at the heart of the Ambrosiano scandal, has been firmly identified here as loans to a group of between 10 and 20 companies in Panama.

Three commissioners, appointed by the Bank of Italy to take charge of Ambrosiano's affairs, from Milan, have no clear idea, however, of what the Panamanian companies did with the money. Neither has their ownership been established.

There is a widespread speculation in Italy that at least part of the funds was used to purchase shares in Ambrosiano group companies, including Banco Ambrosiano Spa, the parent.

Such purchases could indicate that the Vatican has a larger share than has been publicly declared in the group, and particularly in its Luxembourg subsidiary, of which the Milan parent holds a little less than 70 per cent.

The Bank of Italy has joined the Rome Government in applying intense pressure upon the Vatican authorities to accept responsibility for the loans.

In the meantime, the central bank appears to have averted the threat of international banks moving to call in funds advanced to Banco Ambrosiano, head of the largest private banking group in Italy, which has assets of £2,701bn (£4bn).

The commissioners appointed by the Bank of Italy were confident yesterday that government pressure would oblige the Vatican bank (IOR)—itself now also under their effective control—to provide for repayment of at least a substantial part of the outstanding loans.

Half of the total is understood to have been lent originally by the Milan-based parent company of the group, Banco Ambrosiano Spa. The remaining amount of perhaps \$700m was lent by the group's subsidiaries, Banco Ambrosiano Holdings of Luxembourg and the Nassau-based Banco Ambrosiano Overseas.

In all three cases, the group's loans first went into short-term deposits with two other group subsidiaries in Peru and Nicaragua. These two, Banco Ambrosiano Andino and Banco Commercial in Managua, lent direct to the Vatican-backed Panamanian companies.

The original funding for these transactions was organized Continued on Back Page

Full disclosure by banks a step closer

THE GOVERNMENT yesterday moved closer to a policy of support for full disclosure of hidden reserves by UK merchant banks and other financial institutions.

Dr Gerard Vaughan, Minister for Consumer Affairs, told a Commons committee on European documents that the Government would favour full disclosure, unless "a very strong case" could be made by its opponents.

Commenting on a European Community directive on bank accounts proposed last year, Dr Vaughan said: "It will be for those who believe that undisclosed reserves should be allowed to continue to prove their case."

At present, there are some 95 UK institutions which are exempted from disclosing hidden reserves. These include discount houses, accepting houses and other merchant banks and a number of overseas banks.

These institutions declare their profits only after transfers to or from inner reserves. These reserves are not disclosed separately in balance-sheets and are normally deducted from the total of deposits and other accounts.

Dr Vaughan told the committee there seemed to be "a general groundswell of opinion from users of accounts in favour of full disclosure." He said it was "very significant"

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3 months	51.10-1.15 pm 0.97-1.03 pm	
6 months	4.10-4.35 pm 5.70-5.80 pm	



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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS		FALLS	
Beecham	269 + 11	Durhamfontein	680 + 80
Bulmer (H.P.)	480 + 26	Durban Deep	703 + 139
Chemring	390 + 8	Gold Mines of Kalg.	165 + 15
Dagang	162 + 5	Hampton Areas	183 + 5
Ferranti	510 + 10	Harmony	478 + 58
Glaxo	783 + 25	Lihuanon	790 + 96
Gresham House	134 + 4	Mariavale	90 + 12
Harris (Ph.)	93 + 18	Poseidon	58 + 7
Magnet & Stuns	164 + 6	Venterspost	300 + 54
Merrydown Wine	112 + 8		
Plessey	500 + 3		
Rolle & Nolaa	96 + 4		
Thorn EMI	390 + 5		
Time Products	23 + 4		
BP	264 + 4		
Anglo Amer. Cpn.	500 + 30		

EUROPEAN NEWS

Portuguese business told to get on with job

By Diana Smith in Lisbon

PORTUGUESE businessmen have been urged to stop being so negative, invest more, increase output and productivity, and to cease expecting the Government to use "magic tricks" to solve difficulties.

Addressing the Portuguese Industrial Association, Sr Joao Salgueiro, the Finance Minister announced that the government had simplified the integrated investment incentive scheme, making it easier for small businesses to obtain automatic access to tax and financial incentives, and that credit ceilings will soon be lifted.

This did not mean credit would be cheaper, Sr Salgueiro warned. As long as dollar interest rates were high, money would be expensive. Interest rates currently range between 22 per cent and 28 per cent a year.

Sr Salgueiro said exporters and importers would soon be able to borrow in the foreign currency of their choice, and foreign currency deposit accounts for non-residents would no longer be limited to Portuguese emigrants.

However, he warned his audience, which persistently complained to him about credit difficulties, that banks would be even more discriminating in their lending. Own capital outside funds raised would be studied far more closely, and those with little capital who were heavy borrowers—especially importers of consumer goods—would find it harder to raise credit.

Portugal's problem, Sr Salgueiro said, was not so much tight credit as under-capitalisation. The economy would not grow until businessmen injected more capital into their companies on a lasting basis.

Sr Salgueiro was harsh on businessmen who have been gloomy about the economy or eager to condemn the Balsemado Government to death.

"Foreign bankers have been told by Portuguese business people that we are on the verge of economic collapse when we have better borrowing conditions than many countries," he said. He refused to subscribe to what he called a "negative psychosis." "I suggest you drop it. It is not in your interest."

David Housego, recently in Lyons, reports on a town synonymous with increasing racial tensions Immigrants blamed for rising French unemployment

SINCE THE disturbances of last year, Venissieux, on the outskirts of Lyons, has become (unjustifiably perhaps) synonymous for many Frenchmen with the racial tensions building up in their cities. It is a dormitory town conceived during the high growth of the 1960s by a Communist municipality which proudly set out to build the largest high-rise housing estate in France to accommodate 35,000 people.

As growth receded, unemployment increased. Venissieux has some 7,000 people aged under 25 out of work. Most of these live in the tower blocks of the Les Minuettes estate in Zone Urbaine de Priorité, or ZUP in French jargon, and are immigrant families from North Africa—mainly Algerians—who settled in France when labour was scarce. Now their children are the last to get jobs.

One person in three in Venissieux is an immigrant, but that ratio is kept artificially low. M Marcel Hohl, the town's Communist mayor for 20 years, has ruled that no more immigrant families can move into Les Minuettes.

M Hohl is often attacked as a racist for his decision, though there is no doubt that it is in an effort to prevent social trouble this year, the Government announced two weeks ago a FF 110m (£9.2m) programme for Venissieux. Part of the funds are to go towards long-term measures to improve schooling, provide more youth training schemes and to "renovate" Les Minuettes.

The remainder is being spent on activities over the summer period—swimming, sailing, canoeing, camping weekends, parachuting, cinema and holidays for a lucky few.

At the same time the police promised on an immigration policy that legalises the status of those "without papers" while deterring new entries.

In the large cities of Paris, Marseilles, Lyons and Lille racism has grown with unemployment. A visitor has only to be in Venissieux a few hours before he hears the well-worn argument that unemployment and social problems would be a lot easier if the 1.7m immigrant workers in France went home—the number is not far off the total of 2m French unemployed.

The other side of the coin is that it is the Communist-led CGT union, which has been championing the cause of low-paid immigrant workers at the Citroën and Talbot car plants—damaging the competitiveness of the car industry but enlarging the base of the CGT.

M Gaadar Sif, an education counsellor who has been active in getting legal aid for young people arrested by the police at Venissieux, describes the problem. "Unless you let young people show that they can do something more than burning cars. Now they feel they are only taken seriously when there is a clash with the police. Between the young and the police there is no real dialogue."

M Sif is anxious to get the young involved in an active policy to renovate the town. But Venissieux is no Liverpool. Climbing up out of the industrial suburbs of Lyon—Venissieux is built on a hill—the first impression is to the effect of green space and a horizon of fields and wooded slopes. Nobody claims that it is dangerous to walk around Venissieux, but it is a town whose rapidly built tower blocks have left it without character. It had no cafes or social clubs for the young until 1975 and is still belatedly filling the gap.

Mr Roger Bourdeleau, assistant to the mayor, defends the policy of keeping new immigrant families out of Les Minuettes, even if they are the married children of families already there. "We don't want this to become a large ghetto," he says. "If the mayor gave the green light, the 2,000 empty flats could be filled tomorrow. But the second generation of North Africans will be accepted as French citizens. But unemployment is straining this vision of harmony."

President Nicolae Ceausescu's food rationing system. The plan would mean a change in eating habits for most Romanians, traditionally big consumers of bread and corn. The party newspaper, *Scinteia*, said the draft programme was being submitted for public discussion. It has already been endorsed by the party central committee's executive political committee, according to Agereps, the official news agency.

The draft does not outline how consumers can obtain the prescribed 80 kg of meat and fish and the 230 litres of milk per capita annually, in the face of widespread food rationing and shortages. Aiming at "improving food structure," it sets an intake of 2,800-3,000 calories per person daily by 1985, down from 3,900 calories at present.

"Less (animal) fats, more proteins, and generally a restriction of calories in daily foods, especially for those elderly, can contribute not only to the maintenance of health in optimum conditions, but also to the elimination of some degenerative diseases," the programme says.

It sets out means for "correct" daily consumption according to age, sex, job, physical effort and local traditions. While proteins from meat, milk and eggs are required to cover up to 25 per cent of the daily calorie intake by 1985, cereals will have to be cut back from the present 45 per cent to about 38 per cent. Fat and sugar consumption is to go

down, allowing for vegetables, potatoes and fruit to close the gap. President Nicolae Ceausescu's food rationing system. The plan would mean a change in eating habits for most Romanians, traditionally big consumers of bread and corn. The party newspaper, *Scinteia*, said the draft programme was being submitted for public discussion. It has already been endorsed by the party central committee's executive political committee, according to Agereps, the official news agency.

The decline in the country's consumption of oil continued at a slower pace in the first half of this year, according to the company. It was down 3 per cent to 55m tonnes compared with the corresponding period last year, and 24 per cent lower than in the first half of 1979.

West German oil consumption should fall another 4.5 per cent this year, Deutsche BP said yesterday. AP-DJ reports from Hamburg. The British Petroleum subsidiary also expects domestic oil use this year to decline to 103m tonnes from 107.6m last year.

The West German-French industrial consortium, Euro-satellite, is expected to begin work this year on two direct-broadcasting satellites, due to be put into orbit in 1985 for the Ariane European launcher. Quite apart from the benefits of clearer—and perhaps more diverse—programmes, both countries hope for export success with their joint satellite system.

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Bonn to spend more on space programme

By Jonathan Carr in Bonn

THE WEST GERMAN Government yesterday approved its fourth space programme, under which 733.5 m (£99m) will be made available for research and development up to and including 1986.

While this implies an annual increase in funds for the space sector of only about 5 per cent a year, Herr Andreas von Bülow, the Technology Minister, stressed that the West German programme compared well with those of France and Japan.

The key element is an international co-operative programme, above all in development of satellites for communication and observation. Another large slice of the funds goes to basic research.

Passage of the programme through the Cabinet comes shortly after approval by the French and West German Governments of plans to develop joint television satellites.

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Solidarity's radio station signs off for two months

By Christopher Bobinski in Warsaw

THE SOLIDARITY union's clandestine radio station went on the air in Warsaw on Tuesday evening to mark the passing of seven months of martial law and announced a two-month break in transmissions. It was the first time the station had been heard in the capital since June 8 when some of its organisers were arrested and equipment seized.

Tuesday's three-minute broadcast asserted the radio's right to exist as a public service and to accept aid.

The military authorities recently arrested Mr Roger Noel, a Belgian citizen who has been accused of smuggling equipment for the radio into Poland.

The Foreign Trade Ministry has announced that 829 Polish exporting companies have been allowed to keep back a share of their hard-currency earnings to spend free of central control. Some 876m have been allocated under the scheme so far this year 819m has already been spent.

Companies have been granted the right to keep back an average 20 per cent of their earnings and 81bn is expected to be spent on imports in this way by next year.

At the beginning of this month, the system was extended to enterprises which provide components for goods which are later exported. The Foreign Trade Ministry is also considering allowing interest to be paid to companies which do not spend their allocation.

The French Government has announced a 99m programme for Venissieux—where one person in three is an immigrant and 7,000 people under 25 are unemployed—in an effort to avoid a repeat of last year's violence, which began when youths raced and set fire to stolen cars.

promised on an immigration policy that legalises the status of those "without papers" while deterring new entries. In the large cities of Paris, Marseilles, Lyons and Lille racism has grown with unemployment. A visitor has only to be in Venissieux a few hours before he hears the well-worn argument that unemployment and social problems would be a lot easier if the 1.7m immigrant workers in France went home—the number is not far off the total of 2m French unemployed.

Party seeks aid of science to slim Romania



President Ceausescu: food rationing system

BUCHAREST—The Romanian Communist Party yesterday unveiled a programme of scientific nourishment aimed at cutting the population's daily calorie intake and stressing diet of meat, milk and vegetables.

The plan would mean a change in eating habits for most Romanians, traditionally big consumers of bread and corn. The party newspaper, *Scinteia*, said the draft programme was being submitted for public discussion. It has already been endorsed by the party central committee's executive political committee, according to Agereps, the official news agency.

The draft does not outline how consumers can obtain the prescribed 80 kg of meat and fish and the 230 litres of milk per capita annually, in the face of widespread food rationing and shortages. Aiming at "im-

proving food structure," it sets an intake of 2,800-3,000 calories per person daily by 1985, down from 3,900 calories at present.

"Less (animal) fats, more proteins, and generally a restriction of calories in daily foods, especially for those elderly, can contribute not only to the maintenance of health in optimum conditions, but also to the elimination of some degenerative diseases," the programme says.

It sets out means for "correct" daily consumption according to age, sex, job, physical effort and local traditions. While proteins from meat, milk and eggs are required to cover up to 25 per cent of the daily calorie intake by 1985, cereals will have to be cut back from the present 45 per cent to about 38 per cent. Fat and sugar consumption is to go

down, allowing for vegetables, potatoes and fruit to close the gap. President Nicolae Ceausescu's food rationing system. The plan would mean a change in eating habits for most Romanians, traditionally big consumers of bread and corn. The party newspaper, *Scinteia*, said the draft programme was being submitted for public discussion. It has already been endorsed by the party central committee's executive political committee, according to Agereps, the official news agency.

The decline in the country's consumption of oil continued at a slower pace in the first half of this year, according to the company. It was down 3 per cent to 55m tonnes compared with the corresponding period last year, and 24 per cent lower than in the first half of 1979.

West German oil consumption should fall another 4.5 per cent this year, Deutsche BP said yesterday. AP-DJ reports from Hamburg. The British Petroleum subsidiary also expects domestic oil use this year to decline to 103m tonnes from 107.6m last year.

The West German-French industrial consortium, Euro-satellite, is expected to begin work this year on two direct-broadcasting satellites, due to be put into orbit in 1985 for the Ariane European launcher.

Quite apart from the benefits of clearer—and perhaps more diverse—programmes, both countries hope for export success with their joint satellite system.

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société nationale elf aquitaine. A limited company with registered and issued share capital of 910,048 000 francs. YEAR ENDED DECEMBER 31, 1981 ANNUAL GENERAL MEETING OF SHAREHOLDERS, JUNE 29, 1982. CONTINUED EXPANSION DESPITE THE SLUGGISH ECONOMY WHICH HAS SQUEEZED INCOME.

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NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS. NIPPON FIRE & MARINE INSURANCE CO., LTD. The 39th Ordinary General Meeting of Shareholders of Nippon Fire & Marine Insurance Co., Ltd. will be held on July 23, 1982.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS. UNY CO., LTD. We are pleased to confirm that copies of the Annual Report for the year ended February 28, 1982, are available to you.

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CITY OF LIVERPOOL BILLS. £10,000,000 of bills issued on 13th October 1982. The bills are payable on 13th October 1983.

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EUROPEAN NEWS

Rift opens over calls for EEC chemicals cartel

BY SUE CAMERON, CHEMICALS CORRESPONDENT

MAJOR differences of opinion over calls for an EEC "crisis cartel" began to emerge last night as some half-dozen of Europe's biggest companies prepared for a meeting in Brussels.

The companies—Shell, Imperial Chemical Industries, Hoechst, Montedison, Solvay and either Rhone-Poulenc or Ato Chemie from France—were due to have talks with Viscount Etienne Davignon, the European Commissioner for Industry.

No clear picture of the discussions was expected to emerge until later today, but it appears that at least three of the companies—Shell, Hoechst and ICI—are against setting up anything like a cartel.

The meeting was apparently called at the instigation of the Belgian-based Solvay and of the French. Last night it was not clear whether Rhone-Poulenc or Ato was attending.

Earlier this summer, M Jacques Solvay, head of Solvay, and M Alexandre Maillat of Ato, paid a private visit to Viscount Davignon to talk about the need for restructuring Europe's loss-making petrochemicals and plastics industry.

M Solvay, whose company lost BFr 990m (£12.2m) in the first half of last year, is known as a keen supporter of an EEC initiative to solve the problems of European overcapacity. The French Ministry of Industry is also thought to favour an EEC master plan for plant closures.

But the British and the West Germans are evidently against any such scheme. They seem to

Lavilla one step nearer Spanish Premiership

By Robert Graham in Madrid

Sr LANDELINO LAVILLA has moved one step closer to his ambition of becoming Prime Minister of Spain with his election to the leadership of the ruling Union de Centro Democratico (UCD).

This ambition is the most constant aspect of a politically enigmatic man.

With a reputation for precocious success both in the administration and in business, Sr Lavilla, 47, hovered in the wings waiting for the demise of Sr Adolfo Suarez, the former Prime Minister, and then presented himself as the heir apparent.

But he failed to step in when Sr Suarez was forced to resign from the two posts in January, 1981.

Sr Lavilla was one of Sr Suarez's most outspoken critics, arguing that he had moved the party too far away from its conservative centrist electorate.

However, the special party congress in January, 1981, rejected Sr Lavilla because he was considered too openly associated with the conservative Catholic wing of the party and incapable of unifying it.

Also, Sr Suarez, even after his resignation, had sufficient control of the party apparatus to ensure that his successor was his choice. The pro-Suarez element only lost out last November when Sr Leopoldo Calvo Sotelo, assumed the role of party leader.

The about turn has been caused by a further shift to the Right in the party and a need to renew its image in the wake of the UCD's disastrous showing in May polls for the Andalusian Parliament.

Sr Lavilla was the choice of Sr Calvo Sotelo, who resigned last week from the job to concentrate on running the government.

The continuing factions within the UCD ensured that only 66 per cent of the party's political committee endorsed his candidature on Tuesday night after two days of acrimonious debate.

He is the fourth person to lead the UCD since 1977 and he has the difficult task of preventing further desertions and refurbishing its image in time for early elections in the autumn.

He demanded—and was finally given—sweeping special powers which give him virtual carte blanche to control dissidents, monitor election candidates and even influence Cabinet changes.

Since 1979, Sr Lavilla has been Speaker of the House of Parliament, a job he has conducted with skill, impartiality and on occasions a great flair for speech making.

But as a politician on the campaign trail he lacks popular appeal and suffers from a natural aloofness.

Having passed with honours through the top civil service exams, he became, before the age of 30, a senior executive in Spain's largest bank, Banesto, before going back into the administration and becoming a justice minister.

Dutch may reverse foreign gas sales policy

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government is considering an increase in its sales of natural gas to existing European customers. Last year, gas exports fell to 42.8bn cm—10 per cent lower than in 1980—and a further fall of 13 per cent was recorded for the first quarter of this year.

A drive now to boost sales would represent a fundamental change in government thinking. Since 1973, successive administrations have agreed that existing contracts should be honoured but that no increase in the volume of gas sold abroad should be negotiated.

Indications that a change may be in prospect came from Brussels, where Mr Willem Tieleman, director-general of the energy department of the Economics Ministry, told an EEC meeting that falling gas sales in the Netherlands last year had made possible an expansion in foreign sales.

Mr Jan Terlouw, the Minister for Economic Affairs, announces in a letter to MPs this week that prices for large users is to be cut from July 1 by 4 cents per KW from the present rate of between 13-15 cents. West German and French companies will still have a slight advantage, but Mr Terlouw maintains that the remaining 2 cents differential is acceptable.

Some 50 large Dutch companies are set to benefit from the measure, which the Government has agreed with the Association of Dutch Electricity Producers (SEP). Mr Terlouw's decision to help them follows a long protest campaign by industrialists who say they are having to pay twice as much per KW as their West German competitors. Some foreign companies have gone so far as to threaten to leave the Netherlands if nothing was done.

While industry has applauded the Government's latest action, however, it does mean that the Netherlands must use more of its declining reserves of natural gas to generate power. The Government has already decided to ease its own budget deficit (standing at 9.75 per cent of national income) by releasing an extra 12bn cubic metres of gas to the power stations.

Now, it is to permit a further 8bn cubic metres to be used to this way, thus providing short-term aid to industry but only serving to confirm the belief that it is willing to use gas to solve its immediate problems rather than conserving it for more gradual use.

Following the second oil crisis in 1977, Parliament agreed that as much natural gas as possible should be kept in the ground, where it could only increase in value. However, so many power stations had already been converted to gas-firing that it was difficult to implement the policy as fully as had been intended.

French employers take bleak view of economy

BY DAVID HOUSEGO IN PARIS

THE FRENCH economy has entered a new period of zero growth, says the employers' association in a bleak analysis of the outlook in the months ahead.

The employers see the present prices and incomes freeze as putting a sharp brake on the economy after the short-lived recovery of 1981 and the early months of this year. The impact on industry, they assert, will be a sharp contraction of margins and an increase in costs as a result of extra charges that companies are being asked to absorb.

The analysis, published yesterday, is partly an attempt to influence negotiations about the phasing of wage and price increases when the freeze ends on October 31.

M Pierre Mauroy, the Prime Minister, is meeting both employers and unions today in an effort to reach a consensus on a post-freeze prices and wages policy. The pessimistic view of industry was also reinforced yesterday by the latest survey of business opinion by Insee, the official statistics institute. Industrialists interviewed in June foresaw a 5 per cent drop in real terms in investment this year.

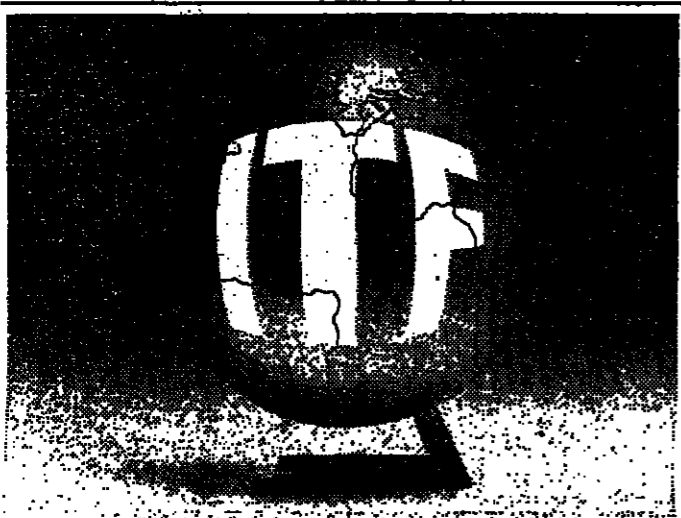
Paradoxically, this is an improvement on the 7 per cent drop they expected in March. The fall in investment is seen as being sharpest in small and medium sized enterprises.

Most adversely affected, according to industrialists, will be the consumer and intermediate goods sector. They see investment stabilising in heavy electrical and transport equipment but falling in construction goods.

The employers association warn in their report that the French economy will not be put back on the rails until the real sources of inflation are tackled, taxation of industry lowered and the indexation of wages modified.



FRANCE'S FIRST SPACEMAN, Col Jean-Loup Christien (left), receives the congratulations of President Francois Mitterrand at a Bastille Day garden party at the Elysee Palace. Col Christien recently spent several days in space with two cosmonauts in a Soviet Soyuz craft. Earlier yesterday, M Mitterrand had celebrated France's national day with a review of the navy's Mediterranean squadron at Toulon.



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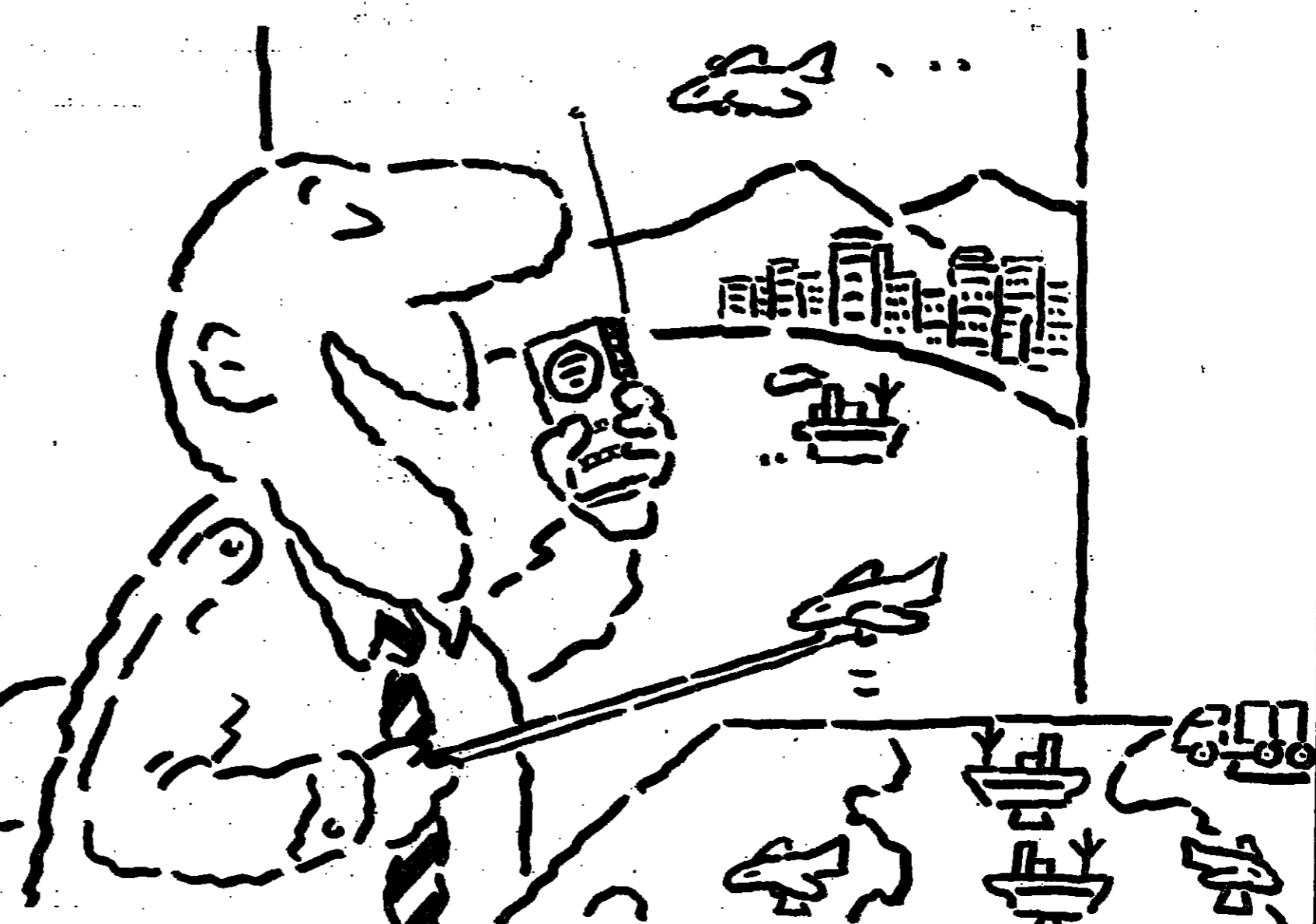
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AMERICAN NEWS

New bank governor confident Argentina will meet its debts

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA IS again building up its foreign reserves and is honouring its commitment to international lenders...

Patricia Cheney in Washington reports on how the end of one ERA marked the beginning of the next Higher political awareness in fight for equal rights

A GROUP of women drew blood from each other's arms with a hypodermic needle and spilled it over a copy of the U.S. Constitution...



Demonstrators outside President Reagan's Chicago hotel last year. The political maturity of the Equal Rights Amendment backers has yet to erase the popular conception of feminists as bra-burners and soapbox Valkyries.

in the workplace and unequal pay scales, ERA supporters retaliated by defacing the facades of public buildings with pro-ERA slogans...

Falkland development campaign launched

BY JAMES McDONALD

AN UNNAMED U.S. company, which was interested in a scheme to harvest the huge kelp (seaweed) beds in the Falkland Islands...

Shultz confirms Taiwan arms supplies to continue

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR GEORGE SHULTZ, the U.S. State Secretary designate, yesterday pledged that the U.S. would continue to provide Taiwan with defensive arms...

Chile launches bank debt plan

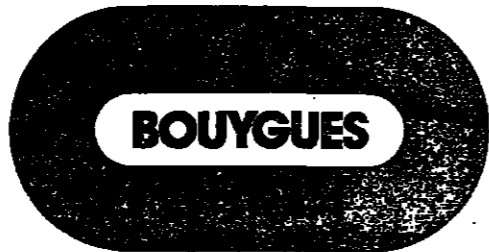
By Mary Helen Spooner in Santiago

CHILE'S CENTRAL BANK has offered to take charge of private banks' overdue loans and bad debts...

Congress overrules Reagan veto

BY ANATOLE KALETSKY IN WASHINGTON

BOTH the House of Representatives and Senate voted overwhelmingly late on Tuesday for the extension of a copyright law...



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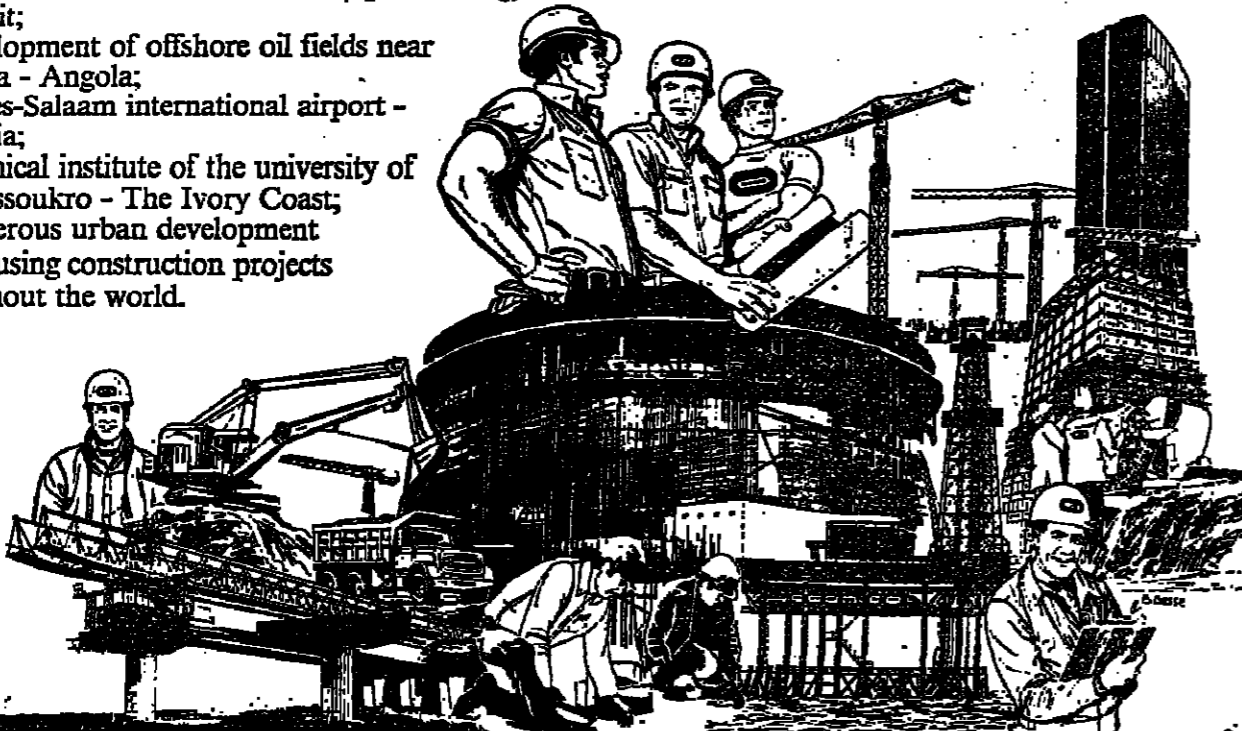
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- Bubiyan bridge (2,5 km deck with a precast, three-dimensional truss and external prestressing) - Kuwait;
- Development of offshore oil fields near Cabinda - Angola;
- Dar-es-Salaam international airport - Tanzania;
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Table with 4 columns: BOUYGUES GROUP (in millions of francs), 1980, 1981, Variation. Rows include Turnover (tax inclusive), Net earnings, Cash flow, Investments, INCOME PER SHARE (in francs), Consolidated cash flow per share, Consolidated net earnings per share, Dividend per share, including tax credit.



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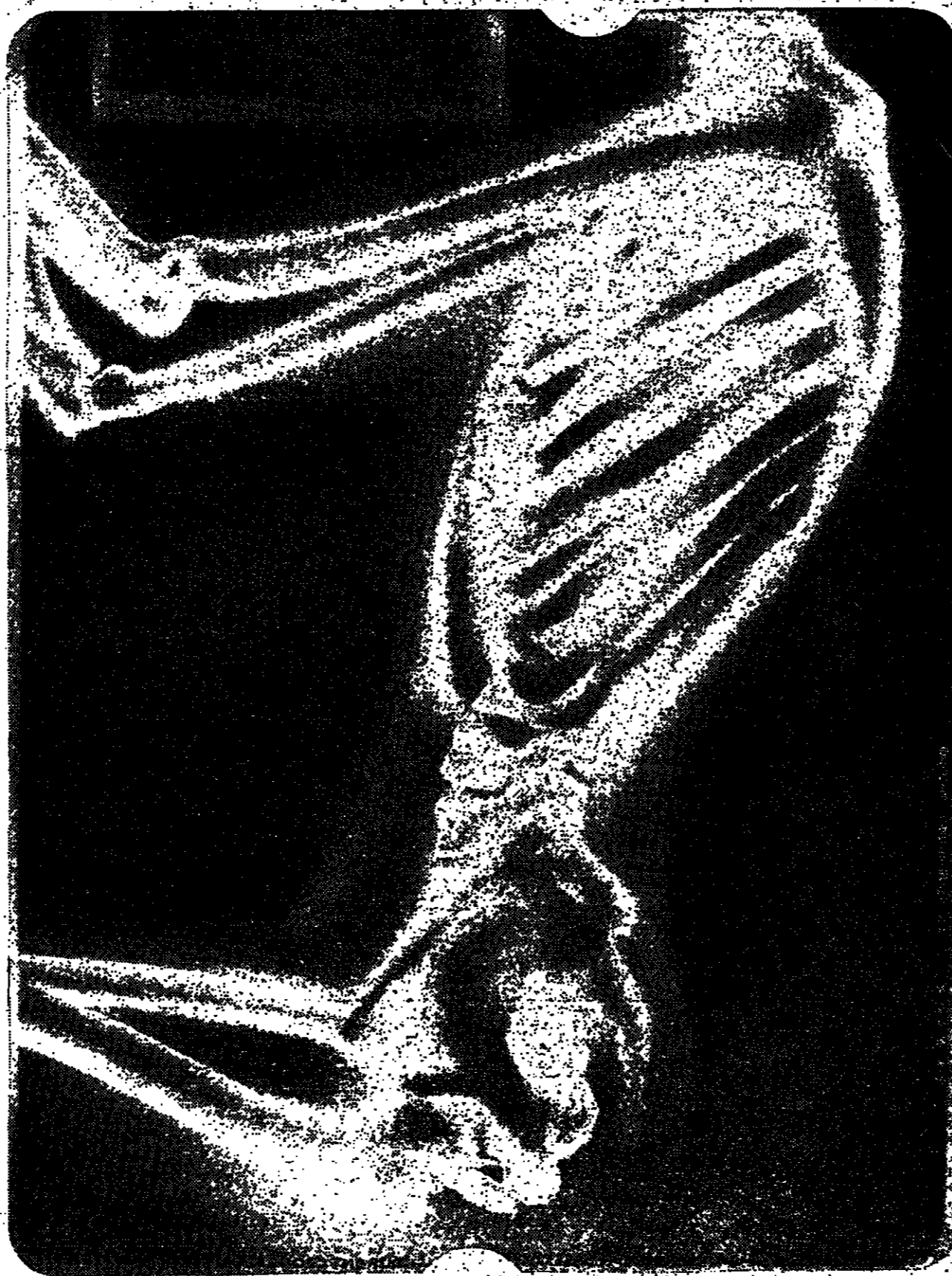
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OVERSEAS NEWS

Little ebb in deep tide of U.S. affection for Israel

BY ANATOLE KALETSKY IN WASHINGTON

IF THE U.S. is annoyed with Israel, it is only in the manner of an over-indulgent parent worrying about the tantrums of a spoiled child.

Mr Moshe Arens, the Israeli ambassador to Washington, gave the public at large a taste of the same treatment last weekend in his response to questions about the use of cluster bombs against civilians.

The opinion polls convey the same message. Despite an unusually low number of letters to the State Department supporting Israel (the ratio of letters in favour of Israel's invasion to those against has been only six to four), the polls suggest that the public's basic support of Israel and its longing for the PLO are both as strong as ever.

To a large extent the U.S. public probably takes its lead from the politicians. Indeed the polls which have asked for judgments specifically on the invasion have borne this out. For example, 90 per cent of the U.S. apparently believe that Israel was wrong to invade

Lebanon in the first place, compared with 24 per cent who approved of its action. But now that the invasion has taken place a plurality of 45 to 31 per cent believe that the Israelis should stay in Lebanon until the PLO and Syria leave.

perhaps Mr George Shultz, the Secretary of State designate, would prefer to emphasise the last of these lessons. Another hopeful sign for U.S. peace-making efforts is that the U.S. public is more aware than ever before of the Palestinians' need for a homeland.

If this assessment is correct, Mr Begin will have to be a lot ruder to U.S. politicians, Mr Weinberger will have to be much more persuasive about the benefits of Arab friendship and the Israeli will have to spill more blood in front of the television cameras, before President Reagan and the U.S. public can be persuaded to stop giving Israel everything it asks for and launch U.S. Middle East policy in a genuinely new direction.

Gulf war poses fresh questions in Lebanon

By James Buchan in Beirut

ISRAELI aircraft flew over Beirut yesterday morning, as if to remind the inhabitants of the city, and particularly the Palestine Liberation Organisation and its armed strength, that it retains military options that include bombing from the air despite the three-day ceasefire.

Right-wing party may join Begin government

By David Lennen in Tel Aviv

THE EXTREME right-wing Tehiya party is planning to join the coalition government of Mr Menahem Begin, the Prime Minister, which currently controls only a very slim majority in the Knesset.

If Tehiya's three Knesset members are accepted into the coalition, Mr Begin will command comfortable 64 out of the 120 seats in parliament.

Since the war in Lebanon began, pressure has been mounting within the Tehiya (Renaissance) party to join the coalition. This stemmed from rising concern over the growing and vocal opposition by various groups within Israel to the invasion of Lebanon.

The party leaders are former loyalists of Mr Begin's Herut party who deserted him when he agreed to evacuate the Sinai peninsula in exchange for a peace treaty with Egypt. Mr Begin is apparently willing to offer a cabinet portfolio to the Tehiya leader, Professor Yuval Neeman.

The Government suffered a major blow just before the war when two members of the ruling Likud bloc quit to join the opposition Labour Party.

However, in the past two weeks two members of the defunct Telem party, originally founded by the late Mr Moshe Dayan, joined the coalition, restoring its slim majority in the Knesset.

If the negotiations with Tehiya succeed, the prospects of early elections, which had been spoken about prior to the war, will fade. It would then be increasingly likely that Mr Begin would serve the full four years of his second term in office, which began after last June's general election.

One key condition for convincing Tehiya to join the coalition would be a willingness on the part of the Government to commit itself to expanding Jewish settlements on the occupied West Bank and Gaza Strip.

An Iranian invasion of Iraq could have serious consequences for Western traders: FT writers report

BY RICHARD C. HANSON IN TOKYO

JAPAN Fears for construction contracts as oil disruption hits trade

JAPAN is taking a cautious view of the worsening situation in the Gulf, not least because Iraq is the chief source of construction contracts for Japanese companies in the Middle East. Contracts last year were down from a 1979 peak of ¥236.2bn to ¥11bn (¥536m-£275m) but this still represents more than half of the ¥218bn in contracts it received from the Middle East.

The situation is being complicated by Iraqi requests to draw down funds from the nearly ¥60bn, in official aid which Japan pledged to make available in the mid-1970s. Iraq showed little interest in using these funds until last year, when

UNITED KINGDOM Baghdad import policy hits sales

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

BRITISH exports to Iraq have fallen off in recent months. The surge evident last year and into the first quarter of 1982 has been checked by changes in Iraqi import policy to take into account domestic inflation and the financial constraints caused by the war with Iran.

Resumption of the growth was not expected until next year at the earliest and that assumes there is no fundamentalist revolution in Iraq. Major project orders this year are virtually ruled out and had been ruled out even before Iranian troops crossed the border.

But the UK was a relative latecomer to the major project contracts in Iraq. This has meant that its stake in the country is largely in liquid form.

UK plant assets are largely confined to the equipment needed by John Laing International and Keir International which are engaged on road con-

ITALY Threat to booming exports

By James Buxton in Rome

THE POSSIBLE collapse of the Iraqi market, as the consequence of the war with Iran, would be a bad blow for Italy. Despite a decline in the number of new orders in the past year, Italy has important contracts with Iraq, and last year nearly doubled its exports there.

Italian exports to Iraq rose from L514bn (£240m) in 1980 to L1,577bn (£640m) last year. In the period Iraqi exports to Italy remained static at L2,460bn, made up almost entirely by oil sales.

Italian contractors have focused on civil engineering projects. But most of these contracts were to end in 1981 or 1982. Despite the interruptions initially caused by the war, which began in 1980, the contracts have been or are being finished.

Moreover, there have been few new contracts to keep the Italian contractors busy, as Iraq has slowed orders. But last year a consortium of Italian construction companies won a \$600m contract to build a dam on the Euphrates at Mosul in association with West German companies.

The Italian companies are Italstrade (a state-owned group), Cogefar and Impregilo (both private sectors). Late last year Pirelli, the cable manufacturer, won a contract worth \$50m for the supply and installation of high tension power cables for the city of Baghdad.

The most impressive contract Italy currently has with Iraq is a deal worth \$1.8bn for the supply of 11 warships and a floating dock for the Iraqi navy. The agreement was signed late in 1980 and authorised by the Italian Government in March 1981.

Work is under way at the yards of the state-owned shipbuilding concern Cantieri Navali Riuniti

FRANCE Co-operation likely to be affected

BY DAVID MARSH IN PARIS

FRANCE looks likely to be one of the Western countries most seriously affected by any period of political and economic disruption in Iraq following the invasion by Iran.

A string of French companies have built up substantial export contracts with Baghdad, which is now France's fifth biggest trade customer outside Europe and the U.S.

French companies active in Iraq—particularly on heavy industrial and infrastructure projects—have plenty of experience of dealing with disturbances in the region.

Many large corporations took steps to bring back personnel working in the country when hostilities between Tehran and Baghdad broke out 22 months ago.

Recently, however, there have been signs of business returning to normal. M Michel Jobert, France's Minister of External Trade, underlined his country's willingness to develop trade with Iraq during a visit to Baghdad last autumn.

His Iraqi counterparts used the occasion to express interest in acquiring French technology

in two sensitive fields—military hardware and nuclear energy. The visit was followed, at the beginning of this year, by the signing of a FFr-1bn (£400m) order for the purchase of French artillery. Iraq has also bought 60 Mirage F-1 fighter jets and has been given assurances that the Mitterrand government is ready for fresh arms deals.

Additionally, French-Iraqi co-operation is underway in the rebuilding of the Tamuz nuclear reactor destroyed by the Israeli air force in June last year. Iraq took FFr 7.9bn (£853m) worth of French exports last year, making it 13th in the league table of overseas customers. Among the French companies with active interests are the engineering group Creusot Loire, whose subsidiary, Spie-Batignolles, has been building Baghdad's new airport. Work was already interrupted in the autumn of 1980 when the Gulf war started.

Bouygues, the construction concern, which recently was congratulating itself on its only modest exposure in Iraq—will also be affected by any trade disruption.

WEST GERMANY Companies are firmly committed despite war

BY ELGIN SCHROEDER IN BONN

IRAQ EMERGED last year as West Germany's most important market in the Arab world as exports doubled over 1980 to DM 6.5bn (£1.4bn). Orders won by the construction industry alone came to DM 5bn, making Iraq its most important foreign market.

Among the biggest Iraqi projects in which West German companies have been involved since 1980 are the Masul hydroelectric dam and Basra Airport as well as long stretches of motorway, cement works, hospitals and trade schools.

More than 120 West German companies maintain offices in Iraq, testifying to a firm commitment despite the war. But total private investment came only to DM 3.3m at the end of 1981.

The bulk of West German exports are cars, engines, electrical goods, chemicals, iron and ironware. In the first quarter of this year sales were valued at DM 2.1bn, double that of the 1981 first quarter. This level of sales is thought to safeguard 35,000 jobs in West Germany.

While negotiations over the future of West Beirut and its Palestinian presence seemed to be making next to no progress, the city hummed with discussion of what Iranian success would mean for its own future.

From this amalgam of analysis, fear and hope, there are three basic contentions:

Iranian successes around Basra are likely to cause deep anxieties in Saudi Arabia, and in the Arab Gulf states, which will be communicated to Washington.

Saudi diplomacy, which has traditionally not been able to concentrate on a variety of topics, will be deflected from the Lebanon situation. This could well also be reflected in Washington.

Iranian success will also strengthen the position of Syria, which has just entered the diplomatic scene on the Beirut and Palestinian questions, and whose Foreign Minister, Mr Abdel Halim Khaddam, is due to hold talks with officials in Washington today.

Syria has been a persistent ally of revolutionary Iran, while Iranian troops have been despatched to Syria apparently for deployment against Israel in Lebanon.

Some people argue that the Iranian entry into Iraq makes settlement of the West Beirut siege imperative. One Palestinian voiced the anxiety that Israel, suspecting Washington is otherwise occupied, might settle the question with a quick, hard blow.

At the very least, the ramshackle structure of negotiation, so painstakingly built up by men like Mr Philip Habib, the special U.S. envoy, who have succeeded in the past in ending bombardments or easing the Israeli blockade, could collapse in the hot wind from the east.

WORLD TRADE NEWS

Nigerian invitation to India

By K. K. Sharma in New Delhi

NIGERIA has asked India to establish car ancillary industries and says that there are possibilities of manufacturing light commercial vehicles, delivery trucks and mini buses in the country.

At a meeting with the Association of Indian Engineering Industry (AIEE) yesterday, Prince Adebayo, chairman of Leyland Nigeria, and Mr P. V. Quick, its managing director, said that the opportunities for India were good because of the Nigerian Government was keen to involve Third World countries in its development.

The components identified for Indian companies to manufacture in Nigeria were wind-screens, trim items, shock absorbers, exhaust systems, cables, engines, gear boxes, and ball-bearings.

Asked whether foreign companies would be given protection in Nigeria, Prince Adebayo said that it was important for companies to demonstrate a commitment to manufacture quality products locally and then the government would issue guarantees.

India's engineering exports to Nigeria have risen from a nominal Rs 53.8m (£2.2m), in 1971 to Rs 188m in 1980, accounting for 65 per cent of total exports to that country.

Malaysia considers barter trade with East Europe

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government is considering entering into barter trade with East European countries. Dr Mahathir, the Prime Minister, said yesterday.

He said the East European countries have large populations that could take more Malaysian goods, but most are short of foreign exchange.

Dr Mahathir's remarks, made in a local television interview, are seen partly as a reflection of his disenchantment with the growing protectionist policies of Malaysia's traditional partners, the U.S., EEC and Japan. They are also directed at the East Europeans who are putting pressure on Malaysia to buy more of their goods.

The trade gap is strongly in Malaysia's favour. Last year, it exported Ringgit888m (£217m) worth of rubber, palm oil, timber and tin to

Eastern Europe, but purchased less than Ringgit 160m worth of goods in return. Malaysian state trading agencies such as Pemas, Marted and Felda have been studying the idea of barter trading with the East Europeans for several years, but none has taken the risk of promoting unfamiliar products.

U.S. pipe ruling threat to stability, Community warns

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN COMMUNITY yesterday adopted a formal protest to be sent to the U.S. over its attempt to block the supply of European-produced equipment for the Soviet gas pipeline and warned that the move "can only undermine the stability and cohesion of the Western world."

Although companies in only four member states—the UK, West Germany, France and Italy—are affected by the U.S. clampdown, they have each decided to mobilise the full political weight of the EEC behind their protests.

As a result, the issue has joined steel and agriculture as a source of serious friction with the U.S., which is putting immense strain on transatlantic relations.

The risk that these abrasions could eventually affect broader alliance relations lies behind the "stability and cohesion" warning delivered to Washington last night.

But European outrage at President Reagan's embargo is also fully reflected by the unusually stiff language calling for a withdrawal of the measures and protesting at the attempt to apply U.S. laws to European companies and to nullify supply contracts which have been signed months or even years ago.

Two airlines cancel eight Boeing jet orders

SEATTLE—Two airlines have cancelled orders for eight Boeing jets, the company has confirmed.

Mexicana Airlines cancelled orders for six 727-200 trijets and Transamerica Airlines cancelled orders for two 747 wide-body transports, Boeing said.

Transamerica also had options for three more 747s. Both airlines blamed the poor economy for their decision.

Two of the 727s ordered by Mexicana have been built, said a Boeing spokesman. One was sold to another customer and the other is still for sale. The cancellations had no effect on the Boeing workforce the company said.

Singapore Airlines (SIA) said it will today sign a \$906m loan agreement with a consortium of European banks to buy six Airbus Industrie A-300s.

A SIA spokesman said the 10-year loan is lead-managed by Midland Bank, with Credit Lyonnais and Dresdner Bank as co-managers. No further details were revealed.

Botswana mine study goes ahead

BY BERNARD SIMON IN JOHANNESBURG

SHELL COAL Botswana, a subsidiary of Royal Dutch Shell, is to proceed with a feasibility study for a large underground coal mine in east-central Botswana in terms of a joint venture agreement signed with the Botswana Government in Gaborone yesterday.

The feasibility study will take three years. Should a decision be taken to proceed with the mine, the first phase will provide for annual production of around 5m tonnes of export-quality coal.

Mr Derek Gibbons, managing director of Shell Coal Botswana, said: "The whole purpose of the joint venture is for Shell Coal International to handle the marketing of this coal and sell it to West European and East Asian markets."

Malaysia considers barter trade with East Europe

BY WONG SULONG IN KUALA LUMPUR

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UK NEWS

Accounting rebels lose lead in ballot

By Barry Riley

THERE ARE now slightly more supporters of the accountancy profession's official approach to current cost accounting than there are accountants who back the rebel call that SSAP 16, the current cost accounting standard, be withdrawn immediately.

The official view is that SSAP 16 should remain in force for at least another year, completing a three-year experimental period. Figures show that 11,501 members of the English Institute of Chartered Accountants have sent postal votes in favour of the resolution proposed by Mr David Keymer and Mr Martin Haslam. A total of 11,630 votes opposing it have been received.

Yesterday's post brought 500 votes for and 621 against, reversing the trend shown in the early days of voting — when the Keymer-Haslam resolution was attracting a small majority of the returns.

The period for postal voting closes on July 27. The resolution will be formally proposed at a special meeting at the institute's headquarters in London on Thursday, July 29.

It is understood that many members of the Institute have complained about the publication of the voting figures during the ballot. There are fears that this may affect the result. However, officials at the institute say it is normal practice. In 1978 the council of the institute ruled that voting returns in such cases should be disclosed to inquirers on a daily basis.

Wage rises in private sector slow to 9.4%

By James McDonald

SALARY AND wage increases in England in the private sector averaged 9.4 per cent in the 12 months to spring this year, according to the latest six-monthly analysis by Reward Regional Surveys.

The survey, covering 373 companies, shows that management salaries rose by an average of 9.5 per cent over the year to an average of £8,590. Clerical salaries rose by 8 per cent to a national average of £4,397 and wages of operatives rose by 11 per cent to £5,247.

"These increases, well down on those recorded a year ago, confirm the current trend for most settlements to be between 7 and 9 per cent in the private sector," says the survey.

This spring's average management salary of £8,590, compares with £7,842 in spring last year and with £6,724 in the spring of 1980. The clerical average salary this year of £4,397, compares with £4,069 a year before and with £3,489 in 1980. Wages of operatives, on a per hour basis, rose from £1.92 in spring 1980 to £2.19 in 1981 and then to £2.43 in spring this year.

The report goes on: "The move towards the 39-hour week for factory workers has accelerated." More than half work less than 40 hours, compared to under a third four years ago.

The most common allowance for annual holidays is still 20 days in addition to statutory days, but the percentage of the management sample taking 24 days is 17 per cent, compared with 4 per cent four years ago. The percentage of clerical staff with 24 days is 18 per cent as against 3 per cent four years earlier, while 23 per cent of factory operatives have 24 days compared with 2 per cent in 1979.

In the management-technical sector, the top five increases in pay arose in the following groups: personnel manager; public relations manager; quality assurance manager; and research and development engineer. National Analysis of Salaries and Wages, Summer 1982, Reward Regional Surveys, 1 Mill Street, Stone Staffs. £35.

Borrie defends 'flexible' approach on fair trading

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading's "pragmatic and flexible" approach to competition policy in the UK was defended yesterday by Sir Gordon Borrie, director general of fair trading.

Sir Gordon, writing in the OFT's annual report, rejected the criticism that the office's approach created uncertainty among companies about its policies.

He said: "The fact that in the UK the promotion of competition is weighed against broad considerations of public interest introduces an element of uncertainty into policy and tends to encourage argument—and hence added uncertainty—about the appropriateness of

the policy in this or that case."

Sir Gordon added that he tried to minimise such uncertainty by making public as many of his decisions as possible, giving supporting reasons, and by discussions with the businessmen.

Also, the OFT conducted "an open-door policy to encourage firms and their advisers to consult me and my officials freely and informally during the formative stages of their thinking."

He suggested that the flexible UK approach should be seen in contrast with the more rigid systems of competition policy used in other countries. Sir Gordon described these systems as "doing little to provide

clarity and certainty."

The OFT's annual report revealed that it dealt with 982 complaints about anti-competitive behaviour by companies last year, carried out five investigations under the 1980 Competition Act and scrutinised 164 mergers.

Sir Gordon made clear that the OFT has had to reassess its priorities as a result of the Government's public expenditure cuts.

"Reduced financial provision in real terms and lower staffing levels mean that certain things cease to be done, and done more slowly or, although thought desirable, not started at all," he said.

Call to scrap airports authority

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

The British Airports Authority should be broken up and private companies allowed to run Heathrow, Gatwick and Stansted airports, two Tory MPs are urging.

In a discussion paper, they helped to prepare they also call for a separate authority for Scottish airports.

Mr Michael Colvin, MP for Bristol North West and chairman of the Conservative Parliamentary Aviation Committee, is co-author of the paper with Mr Graham Bright, MP for Luton East, and Mr Christopher Thompson, an adviser at the House of Commons.

They argue that a new strategy for airports in Britain is needed. The aim should be "to free Britain's airports from the constraints of government control through the British Airports Authority or from direction from local authorities. Both have misdirected resources."

As well as selling Heathrow, Gatwick and Stansted to private companies, the group suggests that the regional municipal airports should be freed from local government constraints "by

offering equity and American-style municipal bonds to employees, local residents, ratepayers and businesses."

A special package of tax incentives is suggested to encourage the growth of traffic from the regional airports at Manchester, Newcastle, Birmingham or the East Midlands and Bristol (Lulsgate).

"Finally, a Scottish airports authority, with some private-sector investment and the rest provided by the Scottish Office, is proposed to run the major lowland airports operated by the BAA and those operated by the Civil Aviation Authority in the Highlands and Islands."

Mr Colvin said yesterday that the strategy would give the Conservative Party "an alternative to the policy of state control of airports which has created increasingly difficult and insoluble problems in the last 20 years."

The Government's airports policy—or lack of it—has led to an inefficient use of resources, with passenger capacity under pressure in the

London area and in excess everywhere else," he said.

The British Airports Authority has an effective monopoly within our national system. The BAA has exploited its position in the London area to raise charges to the airlines and their passengers at Heathrow and Gatwick, beyond the level necessary to finance its current activities, in order to fund its long-term investment programme. This includes the costly proposals for expansion at Stansted," he went on.

"Elsewhere in Britain, at the airports in Scotland and the municipal airports in the regions, there is a substantial excess of underutilised passenger capacity."

Mr Colvin suggested that instead of expanding Stansted, a fifth terminal should be built at Heathrow and a second terminal at Gatwick to cope with passenger growth. Luton should be encouraged to grow to its full capacity, he argued.

Airports UK—A Policy for the UK's Civil Airports. Centre for Policy Studies, £2.50 net.

Photographic sales may reach £600m

BY ELAINE WILLIAMS

THE UK amateur photographic market is likely to rise to nearly £600m by the end of the year, according to the industry's report published yesterday.

This compares with £555m in 1981 and £520m in 1980. Much of last year's growth was taken up by inflation, despite efforts to promote camera and film sales.

More than half the industry's income is from film processing which was worth about £210m last year. Camera equipment accounted for £205m and film sales £140 of last year's total

according to the report by the British Photographic Industry.

The greatest growth has come from the equipment sector where camera costs have continued to fall owing to intense competition and the increasing use of micro-chip technology in camera design and manufacture.

Sophisticated single lens reflex cameras, for example, cost as little as £39 today compared with £168 in 1980. Film processing is no more expensive now than 20 years ago.

The photographic industry

spent nearly £14m last year to stimulate sales, particularly of film, and will step up its campaign this year. The average Briton takes only 100 photographs a year even though 70 per cent of the population have access to a camera.

UK interest in photography lags well behind that in the U.S., Japan, West Germany and other European countries. By 1980, the average American was spending \$37 a year on photography—four times that being spent in Britain.

Hard lessons from an outer city area

BY NICK GARNETT, NORTHERN CORRESPONDENT

OUTLYING city areas can have problems just as severe as those of the inner cities on which the Government has focused its special help initiatives, according to a study of social and economic privations.

These outer industrial and housing areas accommodate 5 per cent of the UK population and are particularly prevalent in the North of England, Scotland and South Wales.

The report is based on a study of Kirkby, outside Liverpool. The town, with 50,000 people, was envisaged by that city as a vehicle for solving Liverpool's housing and job problems.

Kirkby, however, now suffers from many of the symptoms of urban decline and social stress, and has an unemployment level one and a half times greater than that of Liverpool itself.

The report was produced by Merseyside County Council and Knowsley Metropolitan Borough Council which has included Kirkby since the 1974 local government reorganisation with CES, an independent research company.

It says that in the growth period of the 1950s and 1960s, families allocated to Kirkby were generally those with the greatest housing needs — with almost half the population then under 15 years old. There was a preponderance of unskilled workers and almost no white-collar residents.

Another factor in Kirkby's growth was an absence of control planning and of services and suitable housing. The report argues that although some progress to alleviate these stresses was underway by the mid-1970s,

a cycle of decline set in, which still grips the town. It says this results from three broad factors:

The first is that the population declined partly because inward migration dried up and because job-shedding and a mounting problem with housing repairs made the town unattractive to potential newcomers who might have made for a better skill balance.

Secondly, an over-dependence on manufacturing—and more narrowly, on engineering and food processing with narrow product ranges, resulted in a vulnerable local economy.

Finally, the report says that Knowsley inherited an inefficient administration which contributed to the inability to carry out sufficient house repairs.

Small screen success story

MICROVITEC represents in a nutshell the promise and the vulnerability of the rapidly-expanding small business sector on which the Government appears to place so much faith.

As Mr Kenneth Bayer, Minister for Industry and Information Technology, last week opened another factory extension of the West Yorkshire microelectronics company, formed only three years ago, he described Microvitec's performance as "immensely encouraging" for the high technology industry.

A few minutes later, however, Mr Anthony Martinez, the company's managing director and chairman, gave a quiet warning that such companies as Microvitec needed to protect themselves by rapid expansion, and that success could not be guaranteed at any stage in a small business's life.

Microvitec's story embraces both the development of financial packages available to businessmen and women with an idea they can sell to the people who have the money, and the importance of spotting holes in the market place.

The company was set up in Bradford in July 1979 by two brothers, Anthony and John Martinez, to develop and sell low-complexity colour display screen units for use with computers as part of the growth in

Nick Garnett reports on the rapid growth of the Microvitec electronics company.

information technology.

The first 18 months brought a turnover of £188,000. During the following 12 months this rocketed to £1.37m. The turnover for the first six months of this year is already more than £1m and the company has begun exporting to the Benelux countries.

The workforce has expanded from seven to just under 100 and is due to rise to 110 in the autumn.

Partly through its supplies to the Acorn computer company it will be involved in the Government's scheme to extend subsidisation for computers from senior to primary schools.

Anthony Martinez and a small group of technical experts spotted the need for a low-complexity colour display monitor where modified TV receivers or complex monitors were used.

The company's rule on products, says Mr Martinez, is designed to cost-identify a need, cut out anything the customer does not really re-

quire and assemble at the lowest possible price, he says.

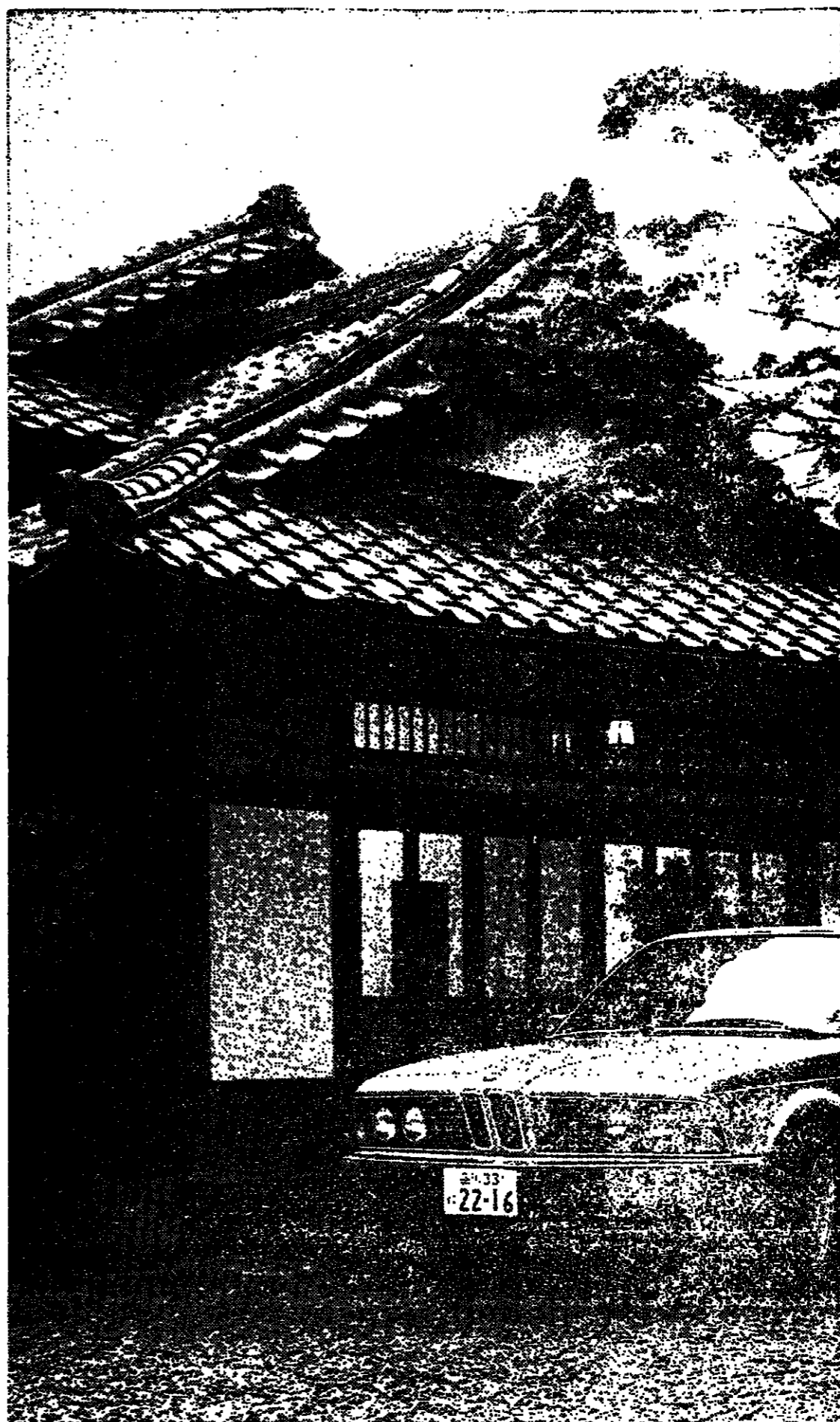
At the same time, the company argues it produced a display screen unit which for the first time was capable of driving both standard and high resolution tubes—the latter allowing an increase in the number of characters per line.

The venture provides a neat example of the plethora of aid which companies like Microvitec can tap. Bradford Metropolitan council has invested almost £1m in providing the company with factory space on a rent-free and low-rent period basis.

Technical Development Capital took out £37,500 in equity and provided a loan of £112,500. Grants from the Department of Industry totalled £75,000 and an additional medium-term loan of £90,000 came from the European Investment Bank.

Mr Martinez, who stresses the importance of teamwork to the company's success, seems to have no illusions about how wretched a company such as Microvitec has to be.

"We have a universal product," he says. "If market needs expand faster than we can supply, then someone else is going to do the job for us. You can sit back and enjoy your success, but you don't live very long if you do."



1981 Report & Accounts:

the number of individualists in the world is growing.

The increasing number of mass-produced, standardised cars leads inevitably to greater uniformity on our roads. However, this trend also creates an opposing desire for greater individuality. And this in turn improves the sales opportunities for those special marques, which fulfill this desire.

The extremely difficult past few years for the automobile industry demonstrate how manufacturers of exclusive products are less exposed to outside pressures, and can even experience a significant increase in demand. BMW fits this description perfectly. In 1981 we were just as successful as in the preceding years.

Thanks to the encouraging increase in demand by the more individualistic buyer, BMW improved its position in all the major markets of the world. In the U.S.A., and in the countries of the European Economic Community as well, we were among the most successful manufacturers of luxury cars.

And in 1981 we became the first western car manufacturer to establish its own wholly independent, subsidiary company in Japan.

So in the future BMW's position as one of the unmistakable alternatives will be even further strengthened in this market.

1981 was another good year for BMW. 1981 broke all previous records for the production and sales of BMW cars. With 349,000 units, sales were up a full 3% over the previous year. Exports increased by 6%. Motorcycle sales also rose by 11% to 32,500 units. Total company turnover increased by 18% to 9.5 billion D-Marks (4.2 billion US-\$).

Prospects look promising. Future developments show every sign of following the same pattern. And BMW will continue to implement its long-term investment program to consolidate and secure the future of the company. The fact that our capital investment is significantly higher than the industry average reflects the confidence we derive from the quality of our products, our on-going development projects, and the position we have achieved in the worldwide market.

The main thrust of our investment program is concentrated on the development of new products, new production processes, and on the continuous improvement of all operations. The theme throughout will be the consistent and comprehensive application of the most modern and advanced technologies available.

			1981	1980	Change %				1981	1980	Change %
Sales											
BMW AG	DM mill.	7,822.1	6,898.5	+13.4%	Personnel expenditures	DM mill.	2,030.8	1,781.1	+14.0%		
BMW Group	DM mill.	9,845.0	8,116.5	+17.6%	Balance sheet total	DM mill.	3,953.0	3,585.7	+9.9%		
Output					Common stock	DM mill.	500.0	500.0			
Cars	units	351,545	341,031	+3.1%	Net worth	DM mill.	1,201.3	1,146.3	+4.8%		
Motorcycles	units	33,120	29,260	+13.2%	Fixed assets	DM mill.	2,254.3	1,976.6	+14.0%		
Car sales					Investment in						
Domestic	units	138,399	140,772	-1.7%	tangible						
Foreign	units	210,547	198,460	+6.1%	fixed assets	DM mill.	815.6	738.9	+10.4%		
Total	units	348,946	339,232	+2.9%	Depreciation of						
Motorcycle sales					tangible						
Domestic	units	10,853	9,833	+10.4%	fixed assets	DM mill.	473.1	330.1	+43.3%		
Foreign	units	21,489	19,330	+11.2%	Net income	DM mill.	145.0	160.0			
Total	units	32,452	29,263	+10.9%	Dividend	DM mill.	90.0	100.0			
Personnel					per share of DM 50						
BMW AG		39,777	37,246	+6.8%	nominal value	DM	9.0	10.0			
BMW Group		44,848	43,241	+3.3%	%		18	20			



1974
Multitone awarded
EIM Home Office
contract for radio
papers for firemen

1978
Multitone awarded
EIM Home Office
contract for radio
papers for firemen

1981
Multitone awarded
EIM Home Office
contract for radio
papers for firemen

multitone

BUSINESS LAW

Remote guardians of justice

BY A. H. HERMANN, Legal Correspondent

Europe's courts have ruled against restrictive unions, insecure male chauvinists and male managements

Sir Sebag Shaw agreed, and Lord Denning, MR, suggested that if the dismissed man applied to the European Court of Human Rights, that court could, in the long run, order the British Government to pay him compensation, from his employers in the English courts under the Acts of 1974...

that female employees should be given the same retirement advantages, such as concessional fares, as men. These, however, were only preliminary skirmishes. It was only last week, on July 6, that the court had to give an answer to the basic question emanating from the equal pay legislation...

that, when the work is not broadly similar but of equal value, a claim to equal pay arises only if the work has been included in the German civil code and in the Greek constitution. In Belgium, France, Germany, Italy and Luxembourg, many problems are resolved by works inspectors, and if the dispute goes to court, judges are not bound by the results of job evaluation schemes.

Under Irish legislation, which the Commission thinks the UK could follow, disputes about equality of pay may be referred to one of three equality officers. Their recommendations are not legally binding, and if not accepted, the dispute is left for the courts to decide.

The drafting of British equal pay legislation is appalling, though hardly worse than that of many other states, but the reluctance to red its true meaning is greater than usual. Why? Because managements still see in women a reservoir of cheap labour because trade unions are dominated by men and, in general, because male employees demand pay symbols to prove their sexual "superiority".

Luxembourg, held that British legislation fell short of EEC Directive 75/117 which requires equal pay for work of equal value. It ruled that UK legislation was inadequate as it did not provide for the recognition of equivalence of work and for the application of the principle of equal pay in situations where no job classification existed.

For a change, the requirements of the Commission, as endorsed by the court, seem quite feasible. With the exception of Denmark, none of the member countries restricts equal treatment to those who do similar work. The rule that work of equal value justifies equal treatment has been included in the German civil code and in the Greek constitution.

The substitute constitutional courts in Strasbourg and in Luxembourg are sometimes useful; but would it not be much better to have a real one in London? Taylor v. Co-operative Retail Services, TLR July 13, 1982. Young, James and Webster v. the UK, 1978 IRLR 428. O'Brien v. Bin-Chem 1980 JCR 573. Case 61/81, EEC Commission v. UK, unreported.

RACING

BY DOMINIC WIGAN The quartet made up of Bo-Peep, Boreham Down, Norfolk Flight and Devil May Care will prove that Merrifoot is ready for an imminent return to form.

Out of the frame when looking burly on his reappearance here early last month the Blakeney gelding, a winner twice at Brighton and also at Goodwood last term, is considered back to somewhere near his best form of last year.

A second possible winner for Hastings-Bass could be Lord Forchester's well thought of newcomer Bo-Peep. One of seven runners for Kempton's Filly Stakes, this chestnut Decoy Boy filly out of a smart half sister to Queen's Hussar in Picture, has been working well.

At the closing end of the programme another short-lived two-year-old who could "go under" is Sparkling Moment. I suspect that Suzanne Kane's runner may find Sticky Fingers too sharp in the Kempton Maiden Auction Stakes.

BBC 1

6.40 am Open University (UEF only). 10.55 Golf: The Open, from Royal Troon—the 111th Championship. 1.00 pm News, After Noon. 1.27 Regional News for England (except London); London and South-East: Financial Report. 1.30 Mr Bean. 1.45 Golf: Further coverage. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 The All New Popeye Show. 5.05 Newsround. 5.10 Think Again: The fun behind the facts about milk.

BBC 2

6.40 am Open University. 10.30 Play School. 4.20 pm Golf: The Open—the 111th Open Championship. 6.10 Carl Flesch International Violin Competition. 7.40 News Summary. 7.45 Poems in Their Place. 8.00 Carl Flesch International Violin Competition. 9.00 The Rolling Stones. 9.30 Golf highlights. 10.05 The Associates. 10.30 Carl Flesch International Violin Competition. 10.45 Newsnight. 11.30 John Peel.

TELEVISION

Tonight's Choice

Much of the day on BBC-1 is devoted to live coverage of The Open from Troon. Strangely enough for a sport which involves considerable acreage and protracted competition, golf has proved a near ideal television entertainment. Anyone struck down and kept home with hayfever, summer flu or sheer laziness could be in for an interesting day.

Families with teenage members will be well aware that Thursday is Pop of the Pops day. Those who have given the programme a miss since the Everley Brothers left the stage might like to know that tinsel stuff seems to be making a comeback.

Another new series starts in the form of Medical Express. For starters we are promised tips on how to improve our memories. If I can recall the time (7.05) I may watch. There is a clash here with a new ITV light entertainment production, The Paul Squire Show. On balance it may be better to stay with memory improvement and the Top Twenty.

LONDON

9.30 am Barney Google and Snuffy Smith. 9.40 Wilderness Alive. 10.30 History of the Grand Prix: "1972—Best of the Best," a memorable year in Formula One racing. 11.00 A Big Country: "Walking the Finders." 11.30 Paint Along With Nancy. 12.00 Gala. 12.10 pm Get Up and Go! 12.30 The Sullivan's. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Emmerdale Farm. 2.00 Here Today. 2.45 Whicker's World: India. 3.45 In Loving Memory. 4.15 Dr Sunnigles. 4.20 Voyage to the Bottom of the Sea: Richard Bascarth. David Hedison in "Graveyard of Fear." 5.15 Survival.

SCOTTISH

10.00 am In Search Of. 10.25 Crazy World of Spoons. 10.50 Hands. 11.30 Young Ramsay. 12.30 pm Scottish News. 4.20 Heri' Cosas Bonas. 4.45 Sport Billy. 5.18 Testame Tales. 6.20 Crossroads. 6.30 Scotland Today. 6.30 Sounds Of. 6.45 Berron. 7.45 Falcon Crest. 11.30 Lora; Call. 11.25 Barney Miller.

ANGLIA

9.30 am Seams Street. 10.30 Chis. 11.25 Country People. 11.50 Westerns: Wartoo. 1.20 pm Anglia News. 4.20 The Adventures of Black Beauty. 4.45 Father Murphy. 5.00 About Anglia. 5.35 Arena. 6.50 Crossroads. 7.45 Falcon Crest. 11.30 Lou Grant. 12.30 am People and Their Poetry.

BORDER

9.30 am European Folk Tales. 9.40 A Place to Live. 9.55 Joe 90. 10.20 Young Ramsay. 11.05 3-2-1 Contact. 11.30 The Extraordinary People Show. 12.30 pm Border News. 4.30 Sport Billy. 4.45 Hara's Boomer. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.25 The Sound Of. 6.50 Crossroads. 7.45 Falcon Crest. 11.30 Pro-Celebrity Snooker. 12.15 am Border News Summary.

CENTRAL

9.45 am Mike McKittrick. 10.10 Biggles. 10.35 Superstar Profile. 11.00 Survival Special. 12.30 pm The Young Doctors. 1.30 Central News. 4.20 Sport Billy. 4.45 Father Murphy. 5.00 Crossroads. 6.25 Central News. 7.45 Falcon Crest. 11.30 Central News. 11.35 Bernadette Peters in Concert.

CHANNEL

1.30 pm Channel Lunchtime News.

RADIO

8.00 am As Radio 2. 7.00 Dave Wright. 9.00 David Brien with the Radio-1 Roadshow from Northern Ireland. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Paul Burnett. 4.30 Pop Power, including 5.30 Newsbeat. 7.00 Peel's Pleasures. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 1

8.00 am Star Sound Extra. 11.00 Brian Mathew with Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 8.00 News. 8.05 This Week's Composer (S). 10.00 The Last Two Mozart String Quartets (S). 10.40 Music for St. Thomas. 11.00 Concerto Copland. 11.30 News. 11.35 City of Birmingham Symphony Orchestra: Dvorak, Mozart (S). 1.00 pm News. 1.05 Manchester...

RADIO 4

8.00 am News Briefing. 8.05 Farming Today. 8.20 Today. 8.25 Yesterday in Parliament. 8.00 News. 9.05 A Movie-Scene. 9.30 The Living World. 10.00 News. 10.05 European Journey. 10.30...

PRESTIGIOUS INTERNATIONAL FIRM Opportunities for Ambitious Young Chartered Accountants West Yorkshire... Exceptional Salaries... This major firm of international repute is probably the fastest growing practice in the UK... db Dunlop & Badenoch "Putting people into business"

C.A. + flair = £14,000 p.a. + car The flair is to teach managers in industry what finance is all about. A business background enabling you to teach leadership would also be an advantage. Tack is possibly the largest training organisation of its kind in the world with some 50 courses available in 43 countries.

Financial Accounting Manager West End of London c.£16,000 The Company is engaged in the distribution of fast-moving food products through nationwide outlets in the United Kingdom. Annual turnover is in excess of £100 M and operations are organised on a profit centre basis and managed by established cost control systems.

Company Accountant/Commercial Manager East Kent Coast L & P Plastics Limited, a successful manufacturing and marketing company with a turnover in the region of £3m are looking for a qualified accountant with flair and commercial acumen to join them at their Margate location.

ACCOUNTANCY APPOINTMENTS ARE CONTINUED ON FOLLOWING PAGES Group Accounting Manager S.W. LONDON c.£16,000 Our client is a UK public group operating at the forefront of information technology. Their products are marketed world wide and turnover exceeds £700m. The company is seeking an accountant, to manage the group accounts unit.

THE ARTS

Museum of Mankind

Antony Thorncroft

The Museum of Mankind, the British Museum's ethnographic off-spring which occupies a tucked-away palace in Burlington Gardens...

century, and the feud, exacerbated by the Europeans desire for furs, between the Iroquois and the Hurons...



Women gathering and threshing wild rice from the Thunderbird and Lightning exhibition

Art for the City

Each year about 1,000 trained and talented painters, print-makers and sculptors leave Britain's art colleges...

John Falding reports on a scheme to hang the walls of City offices with the works of promising artists

York offices they instal the Telen and the IBM and then say "right guys, what are we going to put on the walls?"

He still lags far behind the considerable investment in the performing arts despite the permeability of pictures and the realisation of all the usual benefits of sponsorship...

Record Review/A trio of pianists

Dominic Gill

Ravel: Gaspard de la nuit; Mussorgsky: Pictures at an Exhibition. Cecile Ousset. EMI ASD 4281.

Pudding Lane/All Hallows

Michael Coveney

"I was in Pudding Lane that it started, with a lad and a miss/ And the whole of London's burning for the price of a kiss..."

The production, by Christopher Biggins places the action on a raised square area in the middle of the nave and works hard at combining an aroma of Olivier and Shakespeare's East...

Stepoe's clarinet quintet/Wigmore

Rosalind Carne

"In support of British music" was the motto on the back of the programme booklet for Tuesday's Wigmore Hall recital...

clarinet quintet affirms all that is best in the kind of neo-romanticism that suffuses Stepoe's work...

Saleroom

A bracket clock by Ahasuerus Frontale, made in London in the early 1860s, sold for £54,000 at Christie's yesterday...

Ian Hobson/Goldsmiths' Hall

David Murray

It was muggy enough on Tuesday to discourage any pianist (perspiration on the ivories is a hazard insufficiently remarked)...

The Pity of War/St Mary-le-Bow

Rosalind Carne

Wilfred Owen is surely the most loved of the First World War poets, for more than any other, he could draw his reader into the horror of the trenches...

THEATRES section containing various listings for plays and performances across different venues like the National Theatre, Haymarket Theatre, and others.

F.T. CROSSWORD PUZZLE No. 4923 section containing crossword clues and the puzzle grid.

UK COMPANY NEWS

22 Companies and Markets

Exceptional credit lifts Graig profit over £2.7m

AN EXCEPTIONAL credit of £1.33m boosted taxable profits of the Graig Shipping Company to £2.74m for the year to March 31, 1982, compared with £933,000 last year.

The credit comprised £1.44m exchange profits and write-down of listed investments of £104,000. Interim results were well ahead from £513,234 to £2,011m, including exchange profits of £1.14m.

For the time being Graig Shipping might be more aptly named "Graig Investment". The £1.33m exceptional credit came as a result of selling the m/y Garthenwydd for £5m when the dollar sterling rate was \$2.325, and taking a handsome profit when the rate had fallen to \$2.094.

Comment: The dividend total is stepped up from 25p to 30p with a final of 20p (15p). Earnings per £1 share are shown to have risen to 376.88p, against 241.22p.



Sainsbury and BHS Scottish expansion

A new SavaCentre hypermarket scheduled to open in Scotland towards the end of 1984 means that J. Sainsbury will start trading north of the border for the first time.

Cameron Toll Shopping Centre being built two miles south of the city. It is thought to be the nearest store of this type to any city centre in the UK.

M & G Dual forecasts at least 21.5p

An increased interim dividend of 9.4p net, against 9.05p, is being paid by M & G Dual Trust for the six months to June 30.

BATLEYS Due to an agency error, attributable profits at Batleys of Yorkshire at £1.16m for the year to May 1, 1982, were incorrectly stated in yesterday's edition as including an extraordinary credit of £77,000.

GEI order books up by 21%—prospects better

ORDER BOOKS at GEI International at March 31, 1982, were at their highest level since 1980 and 21 per cent higher than a year earlier.

With an outstanding order book ahead of last year and an improving market share particularly overseas steel stampings anticipates improving current year sales and profits.

ICC Oil Services hits target of £0.3m

THE HULL-BASED ship and oil rig cleaning contractor, ICC Oil Services, has turned in pre-tax profits of £307,000 for the year ended March 31, 1982, which is in line with the forecast of not less than £300,000 made in June at the time of the company's entry to the unlisted securities market.

At the interim stage, the company reported a rise of £49,085 to £165,491 in pre-tax profits.

Cable and Wireless well over forecast at £97m

SHARPLY HIGHER profits than were forecast in the offer for sale document were returned by Cable and Wireless for the year to March 31, 1982.

At the pre-tax level figures for the second six months bounded from last time's £34.8m to £52.08m and lifted the full year return to £97.68m, compared with £82.08m previously.

Table with columns: Company Name, Current payment, Date, Correlation, Total, Total last year. Includes companies like Fromsgrove Casting, H. P. Bulmer, Cable and Wireless, etc.

It is pointed out that the pre-tax increase over the forecast figure was principally due to interest receipts and to the conversion of foreign currency monetary assets and liabilities into sterling on the balance sheet date.

Hanson Trust offer for UGI

BY CHARLES BATCHELOR

Hanson Trust, the industrial group, is to make a £14.3m cash bid for the 73.3 per cent of United Gas Industries (UGI) it does not already own.

"We like its activities and we like its management," he added. Hanson has held a substantial minority stake in UGI for the past 13 years although its holding was reduced from 25 per cent 18 months ago when loan stock was converted.

Ever Ready, bought for £95m last December, and the U.S. footwear and tools company, McDouough, which cost £185m (£74m).

Table with columns: SPAIN, Date, Price, Change. Lists various companies like Banco Bilbao, Banco Central, etc.

MANCHESTER EXCHANGE TRUST LIMITED in association with PHILLIPS & DREW. Members of The Stock Exchange have placed £5 million of the undermentioned Bonds with Corporate and Institutional clients.

Progress at Howard and Wyndham

TURNOVER AT Howard and Wyndham for the 1981 year jumped from £17.5m to £27.2m but at the attributable local losses were reduced to £252,000, compared with £1.72m.

UK demand still weak, says Pilkington chief

DEMAND is still weak for many of Pilkington Brothers' products in the UK and this, combined with continuing redundancy costs, will begin depressing trading results this year.

West Kent Water £1.5m tender offer

West Kent Water Company is seeking to raise £1.5m by tender offer for 81 per cent redeemable preference stock.

IoM Savings Bank fails to block shares sale

The attempt by the Isle of Man Savings and Investment Bank to block the transfer and sale of its 1.2m shares in the quoted Westminster Property group, failed in the High Court yesterday.

Boulton & Paul losses cut to £0.18m

Boulton & Paul, a structural engineering and woodworking offshoot of British Electric Traction, cut pre-tax losses from £1.56m to £540,000 in the second half of 1981-82.

Euston Centre Properties rises to £5.8m

Revenue before tax of Euston Centre Properties advanced from £4.64m to £5.88m for the year to March 31, 1982.

The Pension Fund Property Unit Trust

Total Assets £276 million. Highlights of the statement by the Chairman Mr. C. J. Baker. The average annual rate of return from investment in property in the last five years has matched that from gilt-edged securities. A number of pension funds have been redeeming property units and purchasing property direct.

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Companies and Markets

UK COMPANY NEWS

H.P. Bulmer lifts profits 67% on sales rise of 25%

FOLLOWING A strong first-half performance by H. P. Bulmer Holdings, its profits in the second six months have exceeded the board's expectations of last December. For the 53 weeks ended April 30 1982, pre-tax profits have been lifted by 67 per cent to £7.51m, against £4.51m in the previous 52 weeks, on sales, excluding excise duty, up 25 per cent to £71.32m.

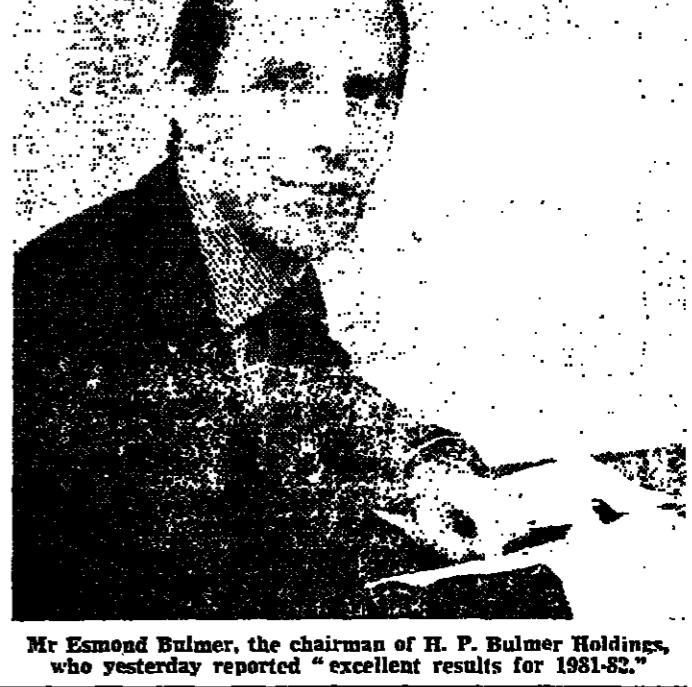
At the interim stage, sales were ahead by 20 per cent and pre-tax profits at £3.92m, some £1.2m higher (45 per cent). In the second half, sales increased by 31 per cent and taxable profits at £5.52m, were more than double those of the same period of 1981. Mr Desmond Bulmer, the chairman, described the year's results as "excellent".

"I believe that we are now well placed to continue our profit growth this year," he says. Although results of the group's overseas subsidiaries were disappointing in 1981-82, overall trading profits advanced by £3m (39 per cent) to £10.64m. All the group's main trading activities showed a marked improvement over the previous year, with cider (profits up 42 per cent) and wine, spirits and other drinks (up 53 per cent) both performing well; pectin profits rose by 25 per cent.

Interest charges were some £0.4m lower at £1.88m, mainly as a result of a reduction in group borrowings during the year. Exceptional debits of £895,000 (£490,000) mainly reflected the cost of writing down obsolete packaging and some plant.

The fine summer weather in August and September last year gave a significant boost to cider sales and this improved trend continued throughout the remainder of the year. Despite the proliferation of new brands in the UK natural spring water market, Perrier sales volume increased by 31 per cent and remains the dominant brand in this growth market.

Red Stripe lager did not meet targets for the year, but market conditions were very competitive and total UK lager sales have declined. During the year the franchise with 7-Up was terminated, by mutual agreement.



Mr Desmond Bulmer, the chairman of H. P. Bulmer Holdings, who yesterday reported "excellent results for 1981-82."

Midterm rise for General Consolidated

Earnings of General Consolidated Investment Trust rose from £499,994 to £587,512 in the six months to June 30, 1982, after corporation tax of £191,850, against £108,490, and tax credits imputed to franked income of £191,106, compared with £174,503.

The directors say second half revenue is not expected to show the same rate of increase as in the first half. The interim dividend is raised from 2.25p to 2.4p—last year's final was 4.15p—paid from net revenue of £1.35m. Stated earnings per 25p share were up from 2.68p to 3.15p, while net asset value per share is given as 154.6p (160.6p).

Glanfield Lawrence loss more than doubles

PRE-TAX LOSSES more than doubled at Glanfield Lawrence in the half-year to March 28 1982 from £116,000 to £240,000, despite an advance in turnover (excluding VAT) from £5.13m to £7.25m.

The company says there has been a slight improvement in trading results in the third quarter, a trend which it hopes will continue, allowing a more encouraging outlook to be presented to shareholders in the statement accompanying the next audited accounts.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official notices are not available as to whether the dividends are in arrears or the sub-divisions shown below are based mainly on last year's statements.

Today's meetings include Associated Newspapers, Daily Mail and General Trust, Eurochem International Trust, Tribune Investment Trust, Vespene, Yeoman Investment Trust, and Fleet, Brathwaite, Duggins & G. M., Christie-Tyler, Distillers, Dering & G. M.

Bromsgrove down slightly

Pre-tax profits at Bromsgrove Casting & Machining fell back in the year to March 1 1982 from £181,712 to £171,771, on turnover up from £3.12m to £3.62m.

A final net dividend of 1.5p per 5p share is to be paid, maintaining the payout for the year at 2.25p. Earnings per share of this manufacturer of aluminium and non-ferrous castings, mainly for vehicle production, are stated at 4.5p (4.9p). Tax took £96,500 (£103,000).

Daejan expands to £4.7m

TAXABLE PROFITS of Daejan Holdings, property investment company, rose from £3.53m to £4.74m in the year to March 31, 1982, with £1.94m, against £1.58m, coming in the second half.

The dividend is being increased from 3.85p to 4.75p net, with a final of 2.825p. Stated earnings per 25p share were 1.76p higher at 15.35p. Rents and charges less property outgoings amounted to £4.94m, against £5.33m which included rental increase of £0.37m relating to the previous year. The surplus from property sales was up from £3.05m to £5.93m, while other income totalled £112,000 (£137,000).

Yearlings total £16.75m

YEARLING BONDS totalling £16.75m, 12 1/2 per cent redeemable on July 20, 1983 have been issued this week by the following local authorities.

Table listing local authorities and their yearling bond issues: Oxford City Council £1m; Hackney (London Borough) £1m; Kirklees Metropolitan BC £0.75m; Nottingham (City of) £1m; Burnley (City of) £0.5m; Salford (City of) £0.5m; Cumberland and Killybegs DC £0.25m; Derwentside DC £0.5m; Fenland DC £0.5m; Harborough DC £0.45m; North East Fife DC £0.5m; Reigate and Banstead (Borough of) £0.5m; Wansbeck DC £0.5m; Wye Regional Council £1m; Bristol (City of) £1.5m; HammerSmith and Fulham (London Borough of) £2.5m; Kirkcaldy DC £0.5m; New Forest DC £0.75m; South Staffordshire DC £0.25m; Central Scotland Water Development Board £1m; Portsmouth (City of) £1m; Basingstoke and Deane Borough Council has issued £1m of 13 1/2 per cent bonds at par for redemption on July 11, 1984.

Titaghur Jute runs into loss of £3m at halfway

HEAVY LOSSES in Indian operations meant that Titaghur Jute Factory Co. incurred a pre-tax deficit of £3.03m for the half year to December 31 1981, compared with a profit of £221,000 previously.

The loss in India amounted to £2.96m after depreciation of £188,000 against a profit of £396,000. The UK associates' deficit was slightly lower at £70,000 (£75,000). Turnover in India rose from £13.57m to £14.3m.

SHARE STAKES

Bowthorpe Holdings — Prudential Assurance Company (excluding "A" account, if any) holds 2,522,451 shares and Prudential Nominees hold 187,500 shares. Total 2,699,951 shares (6.68 per cent).

Telfos Holdings — K. P. Legg, a director, has notified that Plantation and General Investments, of which he is a director, holds 887,900 ordinary shares (12.6 per cent), and £250,950 12 per cent convertible loan stock 1981 (21 per cent).

THE BANKER July 1982 issue includes: * Banking in France * UK bank productivity * US and UK bank corporate services * Financial futures * Government intervention in the financial sector * Profitability in banking

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LONDON & OVERSEAS FREIGHTERS PLC YEAR TO 31 MARCH 1982. The 34th Annual General Meeting of London & Overseas Freighters PLC was held yesterday under the chairmanship of Mr. Manuel Kulukundis.

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RESULTS AND ACCOUNTS IN BRIEF. CHUBB AND SON (security systems) — Results for year to March 31, 1982 reported June 24 in full preliminary statement. Group fixed assets £32.1m (£31.5m); current assets £12.3m (£13.3m); net current assets £19.7m (£18.2m).

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Specialist engineering group supplying wide range of industries. GEI INTERNATIONAL PLC. Chairman, Mr. Thomas Kenny, FCA reports: 1. All divisions profitable—higher than normal percentage of pre-tax total earned in second half.

West Kent Water Company. OFFER FOR SALE BY TENDER OF £1,500,000. 8 1/2 per cent. Redeemable Preference Stock, 1987/89. (which will mature for redemption at par on 31st December, 1989, or at the option of the Company, in whole at any time on or after 31st December, 1987, on the Company giving three months' notice in writing)

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CPC hoists half-year profits 9%

BY TERRY BYLAND IN NEW YORK

THE strengthening of the U.S. dollar against European and Latin American currencies has reduced the value of second quarter sales at CPC International...

rise in profits for the full year, although at a slower rate than in 1981. Last year, earnings totalled \$218.4m or \$4.57 a share.

Stress was being placed upon asset management with the aim of cutting interest charges again. Capital expenditures would be held down to about \$230m this year instead of the original estimate of \$280m.

Fluctuations. Sales for the half year are down from \$2.2bn to \$2.1bn.

Sohio files for \$500m shelf issue

By Our New York Staff

STANDARD OIL of Ohio, the U.S. oil group which is 53 per cent owned by British Petroleum, yesterday filed a shelf registration statement with the U.S. Securities and Exchange Commission covering up to \$500m of new debt securities.

Under the SEC's controversial new Rule 415, better known as the "shelf rule", a company can file a statement to sell a given amount of securities at any time during the next two years without further formalities.

Sohio is the latest major corporation to take advantage of the rule. Among the oil majors, Exxon led the way in making a shelf registration for \$500m of securities.

Sohio said last night the securities would be sold in one or more offerings and terms of each series would be determined at the time of offering. It would use the proceeds for capital expenditures, retirement of short-term debt or other general corporate purposes.

Lower first half for Time Inc

By Our Financial Staff

A DOWNTURN in its magazine, book publishing and forest product operations has left Time Inc with slightly lower first half earnings.

Second quarter profits of \$41m or 75 cents a share against \$49.5m or 90 cents last year, a record, Mr Robert Kirby, chairman, has described the Teleprompter purchase as "the most important acquisition in our history, requiring a significant use of funds".

Mixed results for paper groups

BY OUR NEW YORK STAFF

MIXED RESULTS came from the paper industry with Fort Howard Paper turning in higher profits for the second quarter but Great Northern Nekeosa suffering a further setback over the same period.

Mr Robert Helendale, president of Nekeosa, said the recession was continuing to affect the company, as well as the whole of the paper industry.

Under the SEC's controversial new Rule 415, better known as the "shelf rule", a company can file a statement to sell a given amount of securities at any time during the next two years without further formalities.

MGM/UA restructures credit

BY TERRY BYLAND IN NEW YORK

CULVER CITY, CALIFORNIA — MGM/UA Entertainment said it had received commitments for a restructured credit facility of \$255m.

Mr Frank Rothman, MGM/UA chairman, also said the company should have a solidly profitable fourth quarter, ending August 31.

MGM/UA, which changed its name from Metro-Goldwyn-Mayer Film in April, said the new credit would replace existing and separate MGM and UA credit lines.

Special factors maintain Westinghouse profits

BY TERRY BYLAND IN NEW YORK

THE RECESSION in world industry is beginning to bite at Westinghouse Electric, the electrical equipment maker, but special factors have held net profits steady.

Higher sales in the broadcast and cable television unit in the first half have helped to offset the weakening demand for the group's power systems and industrial products, said the board.

But in the second quarter, sales fell by 7.2 per cent and earnings dipped from \$27.1m to \$19.2m.

The downturn in sales is particularly bad news for Nekeosa which managed to keep sales moving up at the beginning of this year, although profits were already under pressure as the industry struggled to cut prices at a time when costs were rising sharply.

Fort Howard Paper meanwhile has increased earnings from \$39.7m to \$44.2m or from \$1.45 to \$1.63 a share in the opening six months of the year on sales up from \$236.7m to \$256.7m.

Bankers Trust, Bank of New York, Manufacturers Hanover, Mellon Bank and Marine Midland Bank.

Mr Rothman said the company was moving steadily towards its goal of reducing outstanding debt.

He attributed the expected fourth quarter profit, in part, to the box office success of its two most recent film releases, Rocky III and Poltergeist.

Strong growth at Baxter Travenol

By Our New York Staff

BAXTER TRAVENOL, the medical products group which has a commanding position in the U.S. market for kidney dialysis machines, has continued to forge ahead strongly.

Earnings for the six months are 23 per cent up from \$68.6m or 98 cents a share to \$84.4m or \$1.19 a share, which compares favourably with analysts' forecasts for the full year. Sales climbed from \$727.7m to \$804.9m in fiscal 1981.

Stress was being placed upon asset management with the aim of cutting interest charges again. Capital expenditures would be held down to about \$230m this year instead of the original estimate of \$280m.

Fluctuations. Sales for the half year are down from \$2.2bn to \$2.1bn.

Under the SEC's controversial new Rule 415, better known as the "shelf rule", a company can file a statement to sell a given amount of securities at any time during the next two years without further formalities.

Sohio is the latest major corporation to take advantage of the rule. Among the oil majors, Exxon led the way in making a shelf registration for \$500m of securities.

Sohio said last night the securities would be sold in one or more offerings and terms of each series would be determined at the time of offering. It would use the proceeds for capital expenditures, retirement of short-term debt or other general corporate purposes.

Under the SEC's controversial new Rule 415, better known as the "shelf rule", a company can file a statement to sell a given amount of securities at any time during the next two years without further formalities.

FBI looks into Penn Square's losses

By David Lascelles in New York

THE Federal Bureau of Investigation is looking into last week's collapse of Penn Square Bank, which has brought losses amounting to several hundred million dollars to other banks and depositors.

An FBI official in Oklahoma City, where Penn Square had its offices, said yesterday that criminal allegations have been made "and we are looking into them."

He would not say what the allegations were or who had made them. But he said that the FBI is required to investigate allegations of fraud in cases involving bank deposits which are insured by the Federal Deposit Insurance Corporation.

Separately, Continental Illinois, the large Chicago bank which bore the brunt of the collapse, confirmed yesterday that its executive responsible for energy loans in the Oklahoma region has been placed on "special assignment."

The bank said Mr John Lytle "will be making himself available to bank managers and bank examiners to answer questions relating to Penn Square."

Penn Square collapsed after many of its loans to small and medium-sized oil and gas companies went bad because of the softening of the oil price.

Japex confirms interest in Dome assets

By Robert Gibbins in Montreal

JAPEX CANADA, the subsidiary of the Government-controlled Japan Exploration company, has confirmed that it has examined details of oil and gas properties outside Canada put up for sale by Dome Petroleum.

Japex is believed to be interested in Dome's Indonesian oil and gas assets, but said in Calgary that no decision has yet been made.

Other Japanese interests are also believed to be examining Dome's international properties. National Oil Company of Japan may be interested in Dome's Indonesian oil and gas assets, but said in Calgary that no decision has yet been made.

Canada Trust lifts earnings

By Our Montreal Correspondent

CANADA TRUST Mortgage Corporation (Canada's second largest trust company) reports second quarter earnings of C\$7.0m (U.S.\$4.2m) or 65 cents a share compared with C\$6.7m or 72 cents a share in 1981.

Sumitomo Bank launches \$50m Eurobond at 15 1/2%

BY ALAN FRIEDMAN

SUMITOMO BANK is today launching a \$50m 15 1/2 per cent seven-year Eurodollar bond, becoming the first of a group of four banks authorised last week by the Ministry of Finance to issue such paper.

The issue, which has been hotly fought for by several Eurodollar houses, will be lead-managed by Sumitomo Finance International in London and Paribas in Paris.

The Sumitomo deal is believed to involve an interest-rate swap similar to the one engineered earlier this week for Creditanstalt Bankverein.

At this price the Mexican bonds yield 19.26 per cent, a spread of more than 400 basis points over Libor.

Central Bank of Finland renegotiates credit facility

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE CENTRAL BANK of Finland is again renegotiating its \$600m standby credit facility with North American banks to achieve more favourable conditions.

Led by Bank of America International and Morgan Guaranty, the credit, which is intended to assist the bank in managing its external liquidity, will bear a commitment fee of only 1/2 per cent instead of the 1 per cent set when it was last renegotiated in 1980.

The margins charged on drawings on the credit are also being reduced, but in renegotiation, the credit has become more complex and the traditional tranche priced at a margin over Eurodollar rates has been dropped altogether.

Instead of its previous eight year maturity, the credit will bear a life of five years, extendable for a further three at the lenders' option.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details on these issues see the complete list of Eurobond prices which will be published next on Wednesday August 18.

Closing prices on July 14

Table with columns for U.S. DOLLAR, OTHER STRAIGHTS, FLOATING RATE, CONVERTIBLE, BONDS, YEN STRAIGHTS. Includes bond names, amounts, and prices.

NORTH AMERICAN QUARTERLY RESULTS

Table with columns for various companies: BANCAL TRI-STATE, FEDERAL NATIONAL MORTGAGE, INSILCO CORPORATION, A. O. SMITH CORPORATION, TRINITY CORPORATION, BARNETT BANKS FLORIDA, FIRST FLORIDA BANKS, MCI COMMUNICATION, SOUTHWEST BANCSHARES, COLT INDUSTRIES, FLEET FINANCIAL GROUP, NCHS CORPORATION, SQUARE D COMPANY, CONSOLIDATED OIL & GAS, GARNETT, NORSTAR BANCRP, TELEPHONE, DIAMOND SHAMROCK, HILTON HOTELS, PROVIDENT NATIONAL, TEXAS AMERICAN BANCSHARES, DOVER CORPORATION, HUNTINGTON BANCSHARES, ROWAN COMPANIES INC.

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Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Philips to buy part of Bauknecht

BY STEWART FLEMING IN FRANKFURT

THE West German subsidiary of Philips, the leading European electrical concern, wants to participate in plans to rescue the important household appliance division of the financially troubled Bauknecht home equipment group.

Bauknecht, a privately owned company which is a major German producer of kitchen equipment, had to apply to the courts for protection from its creditors in May of this year.

The company had debts to international and domestic banks of several hundred mil-

lion dollars—detailed figures have not been disclosed. It had failed in an attempt to persuade the banks to write off loans of DM 70m (\$23.3m) and also advance a further DM 100m in new credit.

Philips plans to take a minority stake in either one or two new companies which will be formed to take over Bauknecht's white goods operations. Its products include refrigerators, washing machines and dish-washing machines. The majority holders in the new companies will be Bauknecht's banking

creditors. It is not yet clear whether a separate company will be set up to cover Bauknecht's domestic business and one for its international operations, or whether the white goods operations being acquired will all be brought under one roof.

The move gives Philips, which has a joint venture in Germany with Bauknecht, an opportunity to strengthen its German operations. Philips was unable to say what proportion of Bauknecht's sales revenues of about DM 1.6bn annually, are involved

in the proposal. The white goods division is Bauknecht's major business and sales revenues will therefore amount to several hundred million Marks.

Bauknecht itself will not be a shareholder in the new business. Disposing of the white goods operation is however expected to make a positive contribution to the restructuring of the other Bauknecht divisions. These include the manufacture of built-in kitchens, of electric motors and of heat pumps and electric storage heaters.

Receiver appointed to Irish brewer

By Brendan Keenan in Dublin

MURPHY'S, the Irish brewer which last year ran up a loss of £3m (\$2.14m), has been put into the hands of a receiver.

Based in Cork and famous for Murphy's Stout—which competes directly with Guinness—the company has for some time been trying to raise new capital. Murphy's has some 1,200 shareholders, mostly Cork and Dublin publicans. Reports from Cork suggest that some of them are now prepared to put fresh funds into the company.

It is also understood that Heineken, the Danish brewer, whose expanding lager market in the Irish Republic is hampered by Murphy's, is willing to take a minority shareholding in the company.

The prime cause of Murphy's downfall is a £1.7m bottling plant for mixer drinks. This came on stream just as Irish spirit sales suffered a 20 per cent drop as drinkers reeled under the impact of successive harsh budgets.

Murphy's scattered ownership stems from a previous crisis in 1974 when local publicans stepped in to save the company. They were unwilling to let it go earlier this year when rival brewery Beamish and Crawford made a take-over bid.

Porsche expects record sales

By Our Financial Staff

PORSCHE says sales will reach a record level of DM 1.45bn (\$587m) in the fiscal year ending this month—up 25 per cent on the previous year.

The high-performance car maker, which is family-held, posted a preliminary earnings figure of more than DM 20m for 1981-82, against DM 10m for the previous year. Production rose by 14.3 per cent to 32,000 cars.

Capital spending was DM 120m, compared with DM 80m in 1980-81.

Neue Heimat plans drastic cuts

BY OUR FRANKFURT STAFF

A WARNING that Neue Heimat, the trade union owned building company, will have to cut drastically both its commercial and social building activities came yesterday from Dr Diether Hoffman, the company's chief executive.

Last week the company, which owes banks between DM 4bn and DM 5bn (\$2bn) to banking representatives in Frankfurt. It had already been disclosed that West Germany's trade unions had agreed to pump DM 350m into Neue Heimat Städtebau, the commercial building subsidiary of the group. It is recognised that the social housing division may also need extra capital.

Dr Hoffman said the company's bankers had reacted favourably to the plans for reorganising Neue Heimat. Provided continued support from the trade unions was forthcoming, he said, he was optimistic about the company's ability to overcome its financial difficulties.

Neue Heimat had been building too many houses, he said. In future, in normal conditions, it would aim to build between 6,000 and 8,000 houses a year, instead of 12,000. This year less than 5,000 would be built.

The company planned to build more for sale instead of for rent. It would also seek to sell some of its houses to tenants.

Neue Heimat Städtebau had subsidiaries in Mexico, Brazil and France, said Dr Hoffman. In those regions there would be considerable setbacks. The company would in future concentrate in West Germany and would cut considerably its overseas business. Dr Hoffman's plans for Neue Heimat are likely to prove controversial in some sections of the trade union movement, particularly his proposals to sell rented accommodation to tenants and to build more private housing.

Deutsche Lufthansa expects to make a profit in 1982 if the favourable developments of the first five months continue, the annual meeting was told yesterday. Results in the first five months of this year were better than planned and better than the same 1981 period.

Why foreign banks are of little account in Japan

THE FREING of international trade in services emerged ahead of the economic summit at Versailles this summer as a new bone of contention between Japan and the U.S. By services the Americans mean mainly the three areas of banking, securities and insurance, and of these banking is by far the most important.

The spectacular successes of Japanese banks in penetrating the U.S. market have so far been unmatched by any corresponding U.S. successes in Japan, but Japan's authorities claim this not because of any attempt to discriminate against foreign banks. Foreign bankers who are in Tokyo trying to make a living agree that controls are being applied even handedly by the Finance Ministry on foreign and domestic banks.

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One was to supply trade financing in the form of dollar or other foreign currency denominated loans. The second was to meet the needs of Japanese companies for extra yen financing (over and above what is provided by the domestic banking system) during periods of especially rapid growth.

Domestic Japanese banks have traditionally been subjected to "window guidance" controls by the Bank of Japan, which limit the amounts of loans each bank can make to its customers on a quarterly basis. When the domestic banks were up against their loan ceilings, as they frequently were during the high growth era of the sixties and early seventies, the foreign banks acted, profitably, as a useful safety valve.

The safety valve function of foreign banks became less important after 1976, as Japan's growth rate slowed sharply and Japanese companies began to find they could borrow all the money they needed from their main, domestic, bankers at a substantially lower cost than that of borrowing from foreign banks. Four years after that, at the end of 1980, the introduction of a new and more liberal foreign exchange law robbed the foreign banks of their position as exclusive lenders of foreign currency.

The opening of these so-called impact loans market to Japanese banks during the past two years, has had two major consequences: The market has grown enormously, particularly at its short term end, where about \$1bn of loans are now outstanding—most of them made by Japanese banks. There has been a drastic shaving of margins and a consequent decline in the profitability of foreign currency lending by foreign banks.

The impact loan spread—the difference between the rate at which a bank lends to its customer and the cost of raising funds on the London Inter-Bank market—fluctuated between 1 per cent and 2 per cent during the early 1970s. By the end of 1981 only 0.1 per cent of the loans made by the biggest foreign banks carried margins of more than 1 per cent, and 77 per cent of the loans were being made on a clean, or unguaranteed, basis.

The loss of exclusive rights as foreign currency lenders and the change from a sellers to a buyers market in the domestic currency sector forced foreign banks in Tokyo to start knocking on the doors of potential borrowers instead of waiting for borrowers to come to them. Another result of the changes has been far greater attention paid by foreign banks to the

fact that a new Japanese banking law introduced in April stated explicitly that foreigners could acquire the branch networks of Japanese banks could encourage some attempts at acquisitions in the near future. It hardly seems likely, however, that the results will compare with the spectacular Californian acquisitions carried out by Japanese banks during the past several years.

Even the frustrations that are inherent in trying to make a living in Japan's hyper-competitive banking environment, it is surprising to find that the majority of foreign bankers in Tokyo do not feel that they are being discriminated against by the authorities. A senior executive of one of the top U.S. banks says the Ministry of Finance has proved "extremely accommodating" over the past few years, particularly since 1978 when it invited foreign bankers to testify before a committee on banking reform and accepted some of their suggestions.

None of the big U.S. banks seems to feel that the U.S. Administration was right last year, to single out the banking sector as one of the main targets of its campaign to force Japan to liberalise its imports of goods and services. However, the fact that the U.S. Administration may have been tilting at windmills does not mean there is nothing to worry about. Perhaps the main worry should be just how long Japanese banks are likely to be able to continue their march into western markets while foreign banks remain effectively stalled in Japan.

While the Japanese economy has been growing fast for 20 years profitable business opportunities for overseas bankers have tended to shrink, reports Charles Smith from Tokyo.

FOREIGN BANKS RETURN ON ASSETS

Year	Return (%)
1972	1.83
1974	1.19
1975	1.12
1976	0.93
1977	0.70
1978	0.60
1979	0.29
1980	0.57
1981*	0.30

* Provisional.
Source: International Business Information Inc.

has a total of roughly 820 banking institutions including the big, City and regional banks, the smaller, mutual or "sogo" banks and some 400 odd credit associations. Even the weakest of the sogo banks however have so far shown themselves extremely resistant to takeover bids from other Japanese banks, and no foreign bank to date has come anywhere near to attempting an acquisition.

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This announcement appears as a matter of record only.



IRELAND

US \$50,000,000 Floating Rate Notes due July 1992

BANK OF TOKYO INTERNATIONAL LIMITED BANK OF IRELAND

Daiwa Europe Limited Sparebanken Oslo Akershus

Bank of China
County Bank Limited
Genossenschaftliche Zentralbank A.G.—Vienna
Sumitomo Trust International Limited
The Taiyo Kobe Bank (Luxembourg) S.A.
Yokohama Asia Limited

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 14th July 1982 to 14th January 1983 the Notes will carry an interest rate of 15 per cent per annum. The relevant interest payment date will be 14th January 1983 and the Coupon Amount per US\$50,000 will be US\$3,333.33

July, 1982

This announcement appears as a matter of record only.

June 30, 1982

U.S. \$100,000,000 Notes The Republic of Ecuador

Lead Managed by

E.F. Hutton International Inc.
The Dai-ichi Kangyo Bank, Limited

Managed by

Banco Exterior de los Andes y de Espana, SA
The Bank of Yokohama, Ltd. Daiwa Bank Trust Company

Co-Managed by

Banca Nazionale del Lavoro Banco Central SA
Banco di Roma Banque Francaise du Commerce Extérieur
Commercial Credit International Banking Corporation

Provided by

Asian International Bank Banca Nazionale del Lavoro Banco Central SA Banco di Roma
Banco Exterior de los Andes y de Espana, SA Banco Herrero The Bank of Yokohama, Ltd.
Banque Française du Commerce Extérieur Banque Internationale de Gestion et de Trésorerie
Commercial Credit International Banking Corporation Credit Commercial de France (Panama) S.A.
Credito Italiano The Dai-ichi Kangyo Bank, Limited Daiwa Bank Trust Company
Den norske Creditbank, Oslo First National Bank of Boston Hungarian International Bank Limited
E.F. Hutton International Inc. The Indiana National Bank London Interstate Bank Limited
Maryland National Bank Union Trust Company of Maryland

U.S. \$175,000,000 National Westminster Finance B.V. (Incorporated in The Netherlands with limited liability) Guaranteed Floating Rate Capital Notes 1991



In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 15 July, 1982 to 17 January, 1983 the Notes will carry an interest rate of 15 1/4 per annum. The interest payable on the relevant interest payment date, 17 January, 1983 against Coupon No. 3 will be U.S. \$393.96.

By The Chase Manhattan Bank, N.A., London Agent Bank

U.S. \$25,000,000



Bergen Bank A/S (Incorporated in the Kingdom of Norway with limited liability)

Floating Rate Capital Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from 15th July, 1982 to 15th October, 1982 the Notes will carry an interest rate of 15 1/4 per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$38.65

Credit Suisse First Boston Limited Agent Bank

U.S. \$200,000,000 CANADIAN IMPERIAL BANK OF COMMERCE (A Canadian Chartered Bank)



Floating Rate Debentures Due 1994

For the six months 15th July, 1982 to 17th January, 1983 In accordance with the provisions of the Debentures, notice is hereby given that the rate of interest has been fixed at 15 1/4 per cent, and that the interest payable on the relevant interest payment date, 17th January, 1983 against Coupon No. 1 will be U.S. \$787.92.

Agent Bank: Morgan Guaranty Trust Company of New York, London

US\$25,000,000 Guaranteed Floating Rate Notes due 1988 JIM WALTER INTERNATIONAL FINANCE N.V. (Incorporated with limited liability in the Netherlands Antilles) Unconditionally Guaranteed as to Payment of Principal and Interest by

JIM WALTER CORPORATION (Incorporated with limited liability in the State of Florida, U.S.A.)

In accordance with the provisions of the Notes and the Fiscal Agency Agreement between Jim Walter International Finance N.V., Jim Walter Corporation and Citibank, N.A., dated January 13, 1981, notice is hereby given that the Rate of Interest has been fixed at 15 1/4 per cent, and that the interest payable on the relevant interest payment date, January 17, 1983, against Coupon No. 4 in respect of US\$5,000 nominal of the Notes will be US\$402.03.

July 15, 1982 By: Citibank, N.A., London, Agent Bank



BANQUE DE L'INDOCHINE ET DE SUEZ US\$40,000,000 Floating Rate Notes 1979-1989

For the six months 13th July 1982 to 13th January 1983 the Notes will carry an interest rate of 16 1/4 per annum and Coupon Amount of US\$82.10. Listed on the Luxembourg Stock Exchange By: Bankers Trust Company, London Reference Agent

iberpistas

Iberpistas de autopistas, s.a. concesionaria del estado U.S. \$18,000,000 Serial Floating Rate Mortgage Notes Due 1986 For the six month period July 13th, 1982 to January 13th, 1983 the Notes will bear an interest rate of 16 1/4 per cent and a coupon amount of U.S. \$946.53 payable on January 13th, 1983.

Bankers Trust Company, London Principal Paying Agent

Notice

U.S. \$75,000,000 IC Industries Finance Corporation N.V. Guaranteed Floating Rate Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from July 15, 1982 to January 15, 1993 the Notes will carry an interest rate of 15 1/4 per annum. The interest payable on the relevant interest payment date, January 14, 1983, against Coupon No. 7 will be US\$78.90.

By: The Chase Manhattan Bank, National Association, New York Fiscal Agent

Companies and Markets

COMMODITIES AND AGRICULTURE

Moroccan phosphate sales decline

By Francis Ghilès
THE REOPENING of the world's richest phosphate mine at BuCra, in the contested Western Sahara territory, is not expected to affect the income the Kingdom of Morocco can hope to earn from phosphate rock exports this year.

Rescue bid for Devon meat co-operative

By OUR OWN CORRESPONDENT
WEST COUNTRY farmers will be asked on Saturday to dig deep into their pockets to save North Devon Meat, the big Torrington meat co-operative that is in grave financial trouble.

Takeover of Indian jute ruled out

By K. K. Sharma in New Delhi
INDIA'S Minister of Commerce, Mr Shivraj Patil, yesterday ruled out nationalisation of the jute industry but offered the government's assistance to West Bengal state if it launched a scheme for purchase of raw jute from growers.

ATLANTIC SALMON Race for survival

MIDWAY THROUGH the salmon fishing season catches on rivers are down by an average of 50 per cent and in some cases by 80 per cent. Salmon netting catches in England and Wales constituting 85 per cent of the total catch are about 70 per cent down.

Meeting on rubber postponed

KUALA LUMPUR—The Association of Natural Rubber Producing Countries (ANRPC) meeting scheduled for this week has been put off and will instead be held near the end of the month.

Cocoa pact uncertainty hits prices

By TERRY POVEY
UNCERTAINTY about the outcome of this week's International Cocoa Organisation (ICCO) meeting on price support measures were reflected yesterday in a drop in prices on the London futures market with September cocoa down 83 on the previous day's close at £915.5.

Record tea crop in Mozambique

LISBON—Mozambique harvested a record 23,000 tonnes tea crop this year, beating by 6,500 tonnes the previous record, which was achieved more than seven years ago when the country was still a Portuguese colony.

London copper upsurge halted

By RICHARD MOONEY
THE UPSURGE in London Metal Exchange copper prices was halted yesterday afternoon when an expected further rise in New York failed to materialise.

LONDON OIL SPOT PRICES
Table with columns for oil type (Arabian Light, North Sea Forties, etc.), price per barrel, and change.

GAS OIL FUTURES
Table with columns for month, price, and business done.

BRITISH COMMODITY MARKET
Table with columns for commodity (Nickel, Silver, Copper, Tin, Zinc, Lead), price, and change.

PRICE CHANGES
Table with columns for commodity (Aluminum, Copper, Zinc, Tin, etc.), price, and change.

AMERICAN MARKETS
Table with columns for commodity (Copper, Silver, Gold, etc.), price, and change.

GOLD MARKETS
Table with columns for gold price (London, New York, etc.), price, and change.

LONDON FUTURES
Table with columns for commodity (Cocoa, Tin, Zinc, Lead, etc.), price, and change.

COCOA
Table with columns for cocoa price, price, and change.

SOYABEAN MEAL
Table with columns for soyabean meal price, price, and change.

INDICES
Table with columns for index name (Financial Times, Reuters, Moody's, Dow Jones), value, and change.

BACHE OFFER THE FOLLOWING SERVICES: Trading Gold around the clock, weekly fundamental and technical outlook on all American and UK markets.

PERSONAL ATTRACTIVE N.W. LONDON RETIREMENT HOME: Limited to 6 occupants. Applicants invited from cultured individuals who can contribute financially and by way of service to provide a congenial household.

COFFEE
Table with columns for coffee price, price, and change.

SUGAR
Table with columns for sugar price, price, and change.

EUROPEAN MARKETS
Table with columns for commodity (Wheat, Soyabean, etc.), price, and change.

CLASSIFIED ADVERTISEMENT RATES
Table with columns for advertisement type (Commercial and Industrial, Residential Property, etc.), length, and rate.

FINANCIAL TIMES SURVEY

Thursday, July 15 1982

ISLE of MAN

For all its efforts to use its local autonomy to develop as a financial offshore centre the Isle has been confounded by the world recession and the inability of its small bureaucracy to cope with the problems involved in seeking international status.

As this survey shows, however, the commitment remains strong.

Difficult times in Douglas

BY ANTHONY MORETON, Regional Affairs Editor

THESE ARE difficult times in Douglas. In the past 10 months two of the Isle of Man's 49 licensed banks have collapsed and the Manx Government was forced in the second case to attempt a rescue operation. The economy is flat, there has been strain as a result of the decision to undertake two major capital programmes, unemployment is at its highest level for years and there are fewer tourists than for some time.

It is the bank crisis that is causing the most anguish at the moment. The affairs of International Finance and Trust Corporation, which called in the liquidator last autumn, have still to be settled. Meanwhile, the Government was forced to admit failure on Tuesday in its attempt to rescue Savings and Investment Bank, which had its licence withdrawn on June 25.

These difficulties would present financial problems for an advanced financial community. For a small country they are a grave blow, the more so because the island projects its status as an offshore financial centre on the back of political stability and financial probity.

That tax-haven status dates from 1961 when the Government, in an attempt to reverse the declining population and stimulate the economy, abolished surtax. It followed that move by reducing income tax to the point where there

is now only one rate—20p in the £—by eliminating capital taxes of all sorts and introducing a flat fee of £200 a year on non-resident companies.

These fiscal changes had the desired effect. They stimulated very considerable growth in the Isle of Man as an offshore centre. But that speed of growth and the size of the financial community reached outstripped the ability of the island's small civil service to exercise control. That is the lesson of the two bank problems.

Scrupulously

The Government has scrupulously investigated each application for a banking licence—in close consultation at all times, since it is a member of the sterling area, with the Bank of England. But unlike those on Jersey and Guernsey, most of those banks registered in Douglas have either been the British clearers or small operations. International Finance and Trust Corporation might best be described as a very small private merchant bank; Savings and Investment Bank had some retail operations but it too was small. Therein lay the seeds of problems.

The island has been simply unable to police the banks in the way it would like or in the way it ought. The banks made their quarterly returns to the

Manx Treasury but the Treasury has insufficient officials to check and cross-check.

With large banks this is not necessary in much depth. All the big banks have their own inspectors whose task is to see that things are running smoothly, legally and correctly. Small banks, where there might be no more than two or three executives to take decisions, might not always be so careful in their overseeing of their own operations.

There is absolutely no evidence whatsoever that either of the banks involved in the problems of the past year has been anything but correct in all its operations. But the island authorities realised some time ago that there should be tighter guidelines on banks' operations. Unfortunately, it could not agree on what should be done. The major proposal was that a Banking Inspector should be appointed to oversee the operations of the banking sector but his appointment was blocked by those who argued that the salary such a person would command would throw the civil service pay scales into confusion.

Now that a second bank has run into trouble the island has called in the Bank of England to look at the whole financial structure and system. The island is careful to point out, though, that whatever is recommended the result will still be a Manx authority independent of Whitehall.

The arrival of the Bank of England team will not only add to the strength of those urging the appointment of a Banking Inspector but will also reinforce those, like Dr Edgar Mann, the new chairman of the Finance Board (in effect, the island's Chancellor of the Exchequer) who would like to see a central

bank on the island. There is an Isle of Man Bank but this is a subsidiary of National Westminster. What Dr Mann wants is a Bank of the Isle of Man, or some such title, which can give the sort of advice to Government and oversee the general banking situation in the way the Bank of England does in the UK.

The other great weakness of banking on the island—unlike the Channel Islands, there is no high-powered name bank in Douglas—may soon be rectified. One highly respected international bank is thought to be on the point of announcing the establishment of a full subsidiary in Douglas.

Such an arrival would also help lift spirits on the island. The financial sector currently accounts for 23 per cent of the national economy (or about 30 per cent if the earnings of professional groups such as accountants and lawyers are included), a rise from the 21.5 per cent of the previous year. But these figures are still a good way off the boom years of 1977-1978 when the sector accounted for 29 per cent.

This slight expansion may in fact be understating the rate of growth which has taken place more recently. Island figures are always a year out of date because they relate to the previous tax year. Bank deposits have grown three-fold in the past three years and over 2,000 new companies were formed last year. This means a record growth in deposits, reflecting the confidence following the ending of exchange control in the UK, and continues the high-level of company formations.

Re-examination

The prosperity generated by the benefits following the ending of UK exchange control has paradoxically led to fears about what might happen if a future British Left-wing Government were to reintroduce them (these fears are equally felt in the Channel Islands). There has therefore been pressure for a re-examination of the link between the island and the UK. That link is close, closer than in the Channel Islands and too close for many Manx people. But not too close for all of them.

Under the Common Purse Agreement between the UK and the island the former provides some services (defence), collects certain revenues such as those from offshore licences and repays the island a pro-rata share. But under the Agreement Manx Customs and Excise duties and VAT rates are levied at the same rate as those in the UK and change automatically when altered in the UK.

A growing proportion of the islanders believe this is inequitous. They see it almost as a double-edged sword for the island. The Manx authorities levy their own taxes to meet their own needs and then find at some arbitrary date that they have to take into account different VAT or customs duties which have been altered to meet UK needs and not those of the island. When Sir Geoffrey Howe raised the level of VAT from 10 to 15 per cent he did more to rally support for those wishing to abrogate the Common Purse Agreement than any other British Chancellor for years.

The UK Government obdurately refuses to countenance any change in this relationship, though 18 months ago it was forced to concede in principle the right of the island to abrogate the Agreement providing it gave three months' notice. Many islanders now want to use this power. This lobby is fuelled by the fact that whereas Britain agreed to pay the island a share of the offshore licence fees it has resolutely refused to give it a share of petroleum revenue tax. The UK does have a big stick, though, in that if the island wants to cut many of the remaining ties with the UK it would find fewer ports of entry for people and, more important,

for goods in transit between the two.

At present there are sailings to Douglas from North Wales (in the holiday season), Liverpool, Heysham, Ardrossan and Belfast as well as air flights from several centres—Belfast, East Midlands, for instance—and if the island had complete control over its customs duties it is thought that at least one of these would be closed, probably Ardrossan.

Pressures

Earlier this year Tynwald, the island's parliament, accepted a recommendation that there should be no change in the customs union with the UK. Any change might involve "considerable risk to the island's prosperity" it commented. But it also bowed to the pressures and accepted a need to "conduct a close investigation into the apprehensions with a view to determining if they are valid."

The opposition to a change was led by the island's manufacturing sector, which believed it would be at a disadvantage if its goods had to be taxed twice before reaching their destination—once in transit in the UK and once in the country of destination. Since this sector employs some 3,000 people it has a lot of muscle and has, up to now, been using it effectively. The tourist industry is the sector which is pushing hardest for a change. If the island could set its own levels of duty on wines, spirits, other drinks, cigarettes, watches and perfumes, as in the Channel Islands, it is thought that the local image would be pleasantly polished up and more holiday-makers would arrive.

If relationships with the UK are the main constitutional

issue at the moment there is also a vocal debate going on about how the island should govern itself.

The present situation is that the island has a 24-member House of Keys, elected quinquennially in November. Keys then elects eight members to the Legislative Council who are joined in an ex-officio capacity by the Bishop of Sodor and Man and the UK's Attorney General.

The Keys may vote anyone on to the Legislative Council, though its recent practice has been to elect almost without exception from among itself, thus necessitating by-elections.

These two bodies combine to elect six of their members to an Executive Council, though Exco members do not give up their seats in either of the other two houses. There has for long been an attempt to make the chairman of Exco the island's leading politician, in effect its Prime Minister, a move that was equally strongly opposed.

However, Mr Percy Redcliffe, a highly respected chairman of the Finance Board until last year's general election, has become chairman of Exco without having any departmental responsibilities, thereby opening the way to the post becoming a sort of *primus inter pares*.

Now there are moves to change this system. It has been proposed by the Keys that at general elections 33 members should be elected to Tynwald and that Tynwald should vote on which members should be in the Legislative Council, with the remainder being in the House of Keys.

All change on the island is resisted with an opposition that borders on the ferocious. This particular change will be hotly opposed, though the signs are that it might win through.

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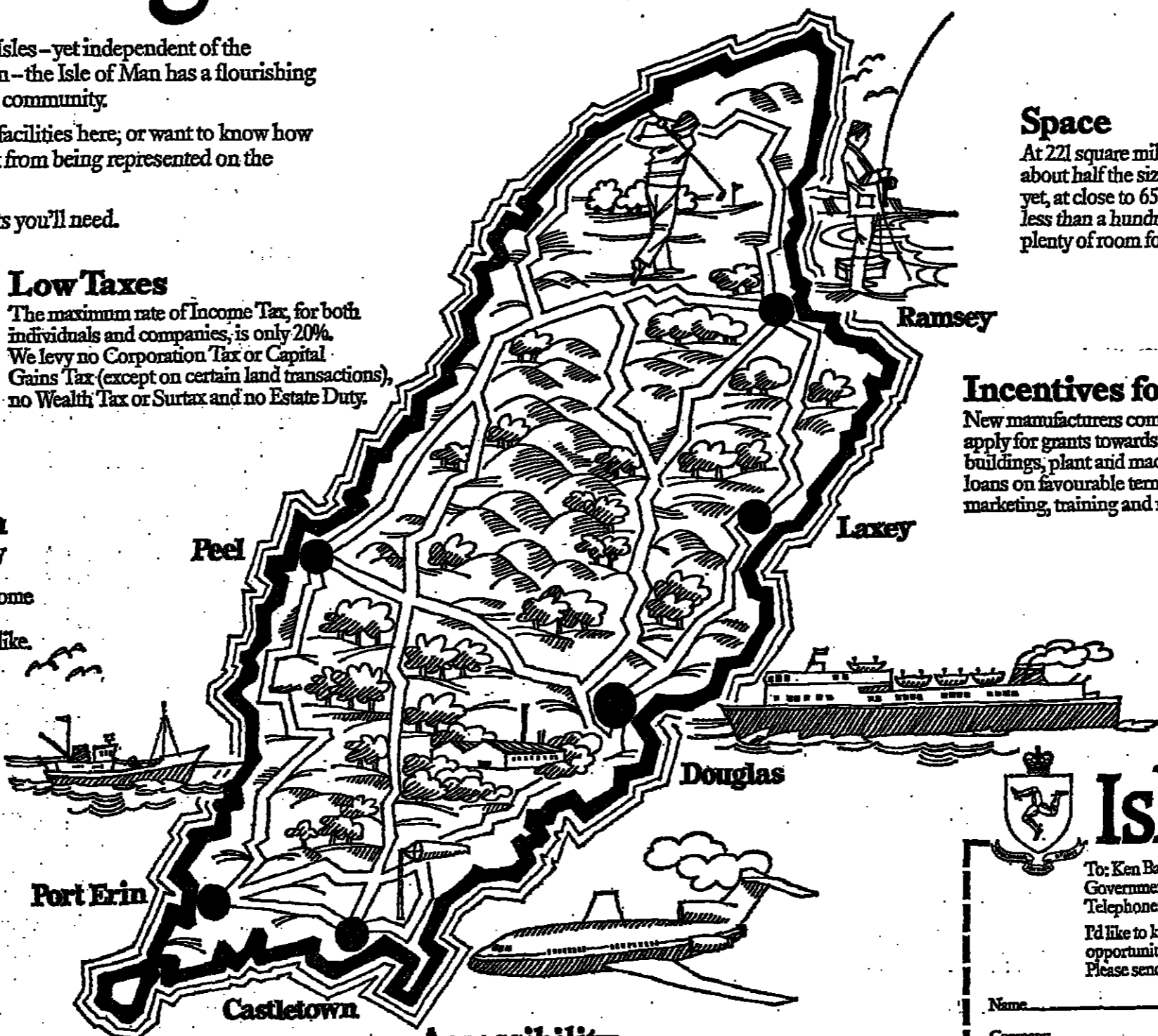
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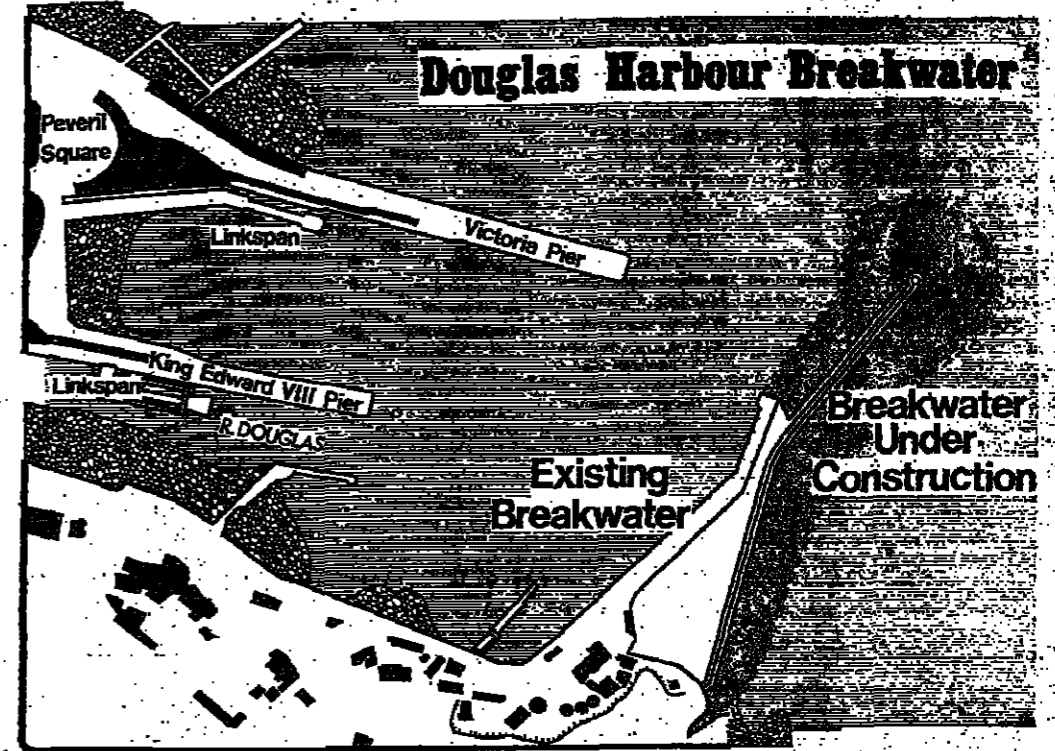
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ISLE OF MAN II



One of the island's major capital works projects is the extension of the Battery Pier Breakwater at the harbour of Douglas. Contractors French Kier Construction are looking for completion by next December. Picture shows the concrete stabilisation units ready for positioning on the rubble base



The authorities have launched a major campaign to enable the island to rival other offshore financial centres like the Channel Islands.

Big push to attract international wealth

ISLE OF MAN officials are prone to describe the island rather coyly as a low tax development area rather than a tax haven but in recent years a great deal more emphasis has been placed upon the island's tax advantages. The Government has embarked upon an active programme of legislative changes in order to attract a range of financial services.

At one time the most important focus for the Manx financial industry was upon the wealthy individuals and pensioners attracted to the island by the tax regime; income tax is low (it has recently been cut to 20 per cent to equal Jersey's) and there is no capital gains tax or capital transfer tax.

Widened

This encouraged the development of various banks, stock broking firms and trust companies. More recently, however, the financial sector has significantly widened its scope.

These days the emphasis is no longer on the wealthy North of England businessmen who might be attracted by the idea of residence on the island but is rather on the vast and growing pool of international wealth owned by expatriates. Such people usually have no intention of living on the Isle of Man but are looking for a safe and tax-free haven to deposit their assets.

A third area of activity is also definitely offshore in nature but concerns commercial rather than personal clients. Banks and investment managers are seeking to tap such markets and the most recent development has been the establishment of so-called captive insurance companies.

In such activities the Isle of Man has been rather late into the game compared with other territories like Bermuda or Jersey. But it is now making serious efforts by means, for



Mr William Dawson, Manx Treasurer: the authorities hope to boost the financial sector

instance, of a promotional campaign being put together by the Manx Financial, the London public relations firm.

There is a lot to be said in the island's favour. It is easily accessible by air from London and is at the same time able to offer a good range of financial services as well as ample physical space for expansion. Houses, for example, are readily available for incoming professional staff. In this respect the Isle of Man can offer an edge on costs compared with other offshore havens—the big Cayman Islands, even if the weather is not so appealing.

For the moment, however, it probably suffers in that its relationship to the UK may not be properly understood. Foreigners and expatriates are concerned not just about their tax position but also about factors such as foreign exchange controls—though these are only hypothetical at the moment—and confidentiality.

At present the Bank of England still maintains a measure of jurisdiction over the island's financial affairs, but the Manx Government has been con-

sidering the possibility of leaving the Scheduled Territories—even though there are no plans for breaking the parity with sterling.

Steps towards monetary independence would require approval by the British Parliament so the Manx Government will have to move carefully. However, Dr Edward Mann, effectively the island's Chancellor of the Exchequer, recently came out in favour of such development. "It would be advantageous if the Isle of Man had its own exchange control legislation," he said. "In my opinion it would enhance the island's position as an offshore centre."

Whatever the progress of the discussions with the Bank of England—and whatever happens it is likely to be several years before any major changes take place—the Manx authorities will be looking for every opportunity to boost the financial industry, the island's only growth sector.

Rents along Athol Street in Douglas, the island's premier financial address, are rising. The banking sector, the key to any expansion in financial services as a whole, has been expanding, with a doubling of deposits within the past three years to over £1bn.

But such growth, which has been paralleled by the rise in the number of licensed banks to 49, trading out of some 75 offices, has not been achieved without problems. One small operator went into liquidation last year. More seriously, the island's biggest independent bank, Savings and Investment Bank, with over £40m of deposits, suffered a run at the beginning of this month and closed its doors.

Rescue proposals have been abandoned and the affair underlines the Isle of Man's need to seek high quality in its banking community. Although most of

the big UK-mainland banks are represented and a number of the London merchant banks also have a presence, the lack of any major non-British bank is a handicap.

"There is no question but that it would be a good thing if a big international bank were to come," says a Douglas merchant banker. "The Government has been talking to two overseas banks and names like Chemical Bank and Hongkong and Shanghai are widely rumoured; but the gap still remains."

Crucial

Undoubtedly, the collapse of the Savings and Investment Bank is a serious setback in this respect. The island's financial reputation is under pressure, and the Government whether the Manx Government can pull something out of the fire by imposing tight quality controls. There are plans for closer supervision of the financial sector.

But moving up the quality ladder is not cheap or easy and recent signs that Tynwald has been reluctant to pay the market rate for a qualified Banking Inspector have not been encouraging. The Bank of England is being called in to advise on what controls should be put into place and unless an

effective system can be paid for, the Isle of Man could be struck with the image of a poor man's Jersey.

Although a high quality banking sector is fundamental to the island's plans, it is not the only consideration. Offshore fund management is another growth area, with mainly British expatriates working in the Middle East and Far East emerging as the most prolific sources of business for the Manx fund managers.

Offshore unit trusts are also a significant activity on the island—Barclays Unicorn runs six Manx funds, for instance. But undoubtedly the Isle of Man is a long way behind the Channel Islands in this as in other areas.

Still, the Manx Government's determination to encourage expansion here is elsewhere was shown by the passage in April this year of new legislation on trusts. A large number of gilt-edged and currency funds have recently been set up in Jersey, where trust companies can have redeemable shares. Now the same kind of funds can be set up on the Isle of Man, raising hopes that a new area of growth will develop.

Barry Riley

Captive insurance companies seen as a major prize

THE ISLE OF MAN'S decision to attempt to build from scratch an offshore insurance industry is a clear expression of how it sees its economic future. For many years the island's Government has stood aloof while other tax havens around the world have built up profitable financial sectors. Now Tynwald—the island's parliament—is keen to devise new legislation and the Government is prepared to launch promotional campaigns in order to bring the island out of the financial backwaters.

Captive insurance companies are often set up by large industrial or commercial groups in order to handle part of their in-house insurance arrangements. Risks can be closely controlled by use of the reinsurance market and sophisticated management services are made available by the big insurance broking organisations.

Usually, though not always, captives are located offshore. This is partly because of the favourable tax treatment offered by many offshore havens—the Isle of Man for instance, exempts both underwriting profits and investment income from income tax. It is also because there is freedom from the often onerous reporting and control requirements commonly imposed upon insurance companies by mainland authorities who are primarily concerned with the protection of consumers.

A captive "located" offshore can therefore hope to build up its reserves more rapidly, because of the absence of a tax burden, and can rely on cheaper administration. On the other hand, some of the costs of operation offshore—such as salaries and travel—may be greater. And the practicability of running an offshore captive insurance company depends upon the availability of local services of a financial and legal nature, as well as specialised insurance advice.

Around the world there are probably at least 1,500 captive insurance companies and the number is growing fast. The biggest share of this market has been secured by Bermuda, which is well placed geographically to handle the American captives—several hundred of which are also registered in the Caymans.

Of the British captives most have probably gone to Guernsey, which is recognised for its expertise in this area and

probably is host to more than 100 companies. But the Isle of Man, like Guernsey, is close to the UK and incidentally is therefore close to the big reinsurance market at Lloyd's of London.

It was against this background that Tynwald passed the Exempt Insurance Companies Act last November. This provided that the island's Treasurer might, after consultation with the Assessor of Income Tax, exempt the whole of the profits or income of an insurance company from liability to income tax provided that the company undertook insurance risks entirely outside the island.

Pleased With the passing of the new legislation a trickle of captives has begun to arrive in the island. So far 11 have been registered, eight of which are of British parentage. Officials describe themselves as "very pleased" with this response; they add that most of the big City of London insurance broking houses have formed subsidiaries in the Isle of Man.

The attraction to the island of hosting such companies is not just the annual fees of £2,000 or so per captive but the potential spin-off for the services sector. Substantial sums of money could move through some of the captives and all of them will need banks, solicitors and auditors.

The impact of an expanding financial sector will be felt by the airport, the taxi drivers, the hotels and the restaurants, as business travel grows, and there should also be benefits for the local property market—both commercial and residential.

The island's politicians are also concerned to build up the

financial sector to an extent to which it can provide employment opportunities for the more talented local young people who if they have a university degree are at present likely to leave for more challenging opportunities on the mainland.

There are, however, undoubted risks in concentrating on a sector like captive insurance. Where the incentive is freedom from tax and relative freedom from regulation, the quality of the newcomers may not always be high. This is a particular risk for the Isle of Man, which is only now changing some of the established host territories and to a large extent is seeking to divert some of the flow of captives away from Guernsey.

At a time when there are question marks raised over the health of the international reinsurance industry, the Isle of Man will need to be careful to monitor the quality of the captives which come within its shores.

But the Manx authorities appear to be well aware of the dangers. It is intended that an insurance supervisor should be appointed in the near future and in any case the Exempt Insurance Companies Act gives extensive powers to the Treasurer to keep control of the activities of captives.

Restrictions include a solvency margin of at least 15 per cent and care is taken to see that the company officers are fit and proper persons to transact insurance business. Normally at least half the directors will need to be resident in the island. Information will usually be requested on an informal basis but the Treasurer has the power to demand access to all the company's books.

Barry Riley

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ISLE OF MAN III

Industrial estates projects justified by success in attracting newcomers

MANUFACTURING industry is a growth sector of the Isle of Man's economy in spite of the world recession. Already it provides permanent employment for over an eighth of the island's workforce and government support is aimed at ensuring that this workforce grows as quickly as possible.

When Tynwald decided that manufacturing industry should be encouraged to increase the aim was, as it still is, to diversify the range of industries as much as possible. At the same time it was accepted that the tourist

industry was important so a 22m guideline was laid down that the island's environment should be disturbed as little as possible.

There were grim reminders in two areas of what can happen when a waste producing industry, lead mining, does its worst. So the Industrial Advisory Council, now a full Board of Tynwald, agreed that there should be compact industrial areas established in locations easily accessible to people in the main concern of the population. From 1976 Mr Edward Kerruish, a

Tynwald member with a business background, was chairman of the council, and now has become chairman of the Board, the Manx Industry Minister.

In spite of brushes with conservationists the establishment of industrial estates has gone steadily ahead, and plans for yet another of these compact areas of industrial activity, at Peel, are in hand. Most visitors to the island will be unaware of their existence, yet the list of industries operating is a long one and well diversified, ranging from

aviation to yacht building.

Of course this has not just happened. A great deal of effort has been, and is being, put into campaigns to attract industrialists to establish factories on the island. There is a clear realisation that there is keen competition from other areas trying to attract industry and the board is convinced that the Isle of Man has special attractions not available in all other competing areas.

"We can offer financial and political stability, through

our Government, and good industrial relations. There is also a versatile workforce which the Manx Government is trying to ensure has training to allow its members to adapt to new plant in the factories," says Mr Kerruish outlining his board's policy.

The training includes two schemes, both for engineering, one for school leavers, the second for people transferring from other jobs.

Mr Kerruish also points out the taxation advantages for industrialists, no corporation

tax or surtax, and a low, 26p in the £, standard rate of income tax for residents and non-residents.

The board offers generous grants and loans to industrialists setting up factories. And when a firm becomes established there is still support for new plant. This has enabled small precision engineering firms, the backbone of the industrial sector, to purchase the most sophisticated machine tools available.

Mr Kerruish says it was always made clear to investi-

gating industrialists that the Isle of Man is not isolated and has good air and sea services throughout the year, with roll-on, roll-off cargo ferries available to carry goods with a minimum of delay at ports. In that way through shipment by lorry to any destination is possible. Air freight facilities are also available to and from the island.

Mr Kerruish and his board are, rightly, proud of the way Manx manufacturing industry has weathered the storms of

the recession. The total workforce employed is 3,000, and in the past two years fewer than 100 have been made redundant. In many cases, in fact, men who have been declared redundant have rejoined the same firm within a few weeks.

The manufacturing industry sector of the Manx economy is buoyant and expanding, ready to play its full part in the long awaited general recovery.

W. R. Clucas

If tourism is to flourish better all-round facilities will have to be provided

Pressure to win back the holiday crowds

IT IS just two miles from the Crow's Nest Restaurant, near the entrance to the docks, to Summerland at the other end of Douglas's promenade. Those two miles, forming a deep crescent, are a perfect representation of the British holiday resort. The islands may be self-governing but it relies on the mainland British for its bread and butter — and all its jam too.

In the centre of the arc there is the four-star Palace Hotel, flanked by its Lido and associated attractions. Either side there is a cross-section of hotels that perhaps announce their owners' — or their one-time owners' — background.

These hotels' names are a mirror of a different past, perhaps a more gracious past, when the Wakes Weeks crowds would descend on Liverpool, Fleetwood and Ardrossan in their thousands en route for Douglas's imperial charms.

They would stay at the Lansdowne, Metropole, Piccadilly or Braemar or perhaps the Rutland, Clifton or Grassmere. Then there was the Eborac, Windsor, Osborne or Rothesay, all gracious echoes of Queen Victoria and her wanderings.

The hotels remain, smartly repainted over the past two or three years so that Douglas looks as though it has had a giant wash and brush-up. All that is missing is the crowds.

Douglas, and the Isle of Man as a whole, is having a nasty summer. The horse-drawn trams that are a feature of the



Port St Mary—once a fishing port—has the air of any of Britain's holiday resorts

Manx capital and the electric railway that pulls up the coast to Laxey and its famous wheel have few patrons. There is one universal word to be seen in all the windows of the hotels along the front: vacancies.

Unemployment and the recession has taken its toll on the crowds that once came from Bolton and Bacup, Burnley and Barnsley, not to mention Glasgow and other points. And if the families are in work and want a holiday the Spanish Costas are cheaper, sunnier and offer a tingle of foreign hopes.

The island's problem is that it has failed to come to terms with changing holiday patterns. It still attracts the motor-bike fraternity in enormous numbers, drawn essentially by the June TT races but also by those held in the autumn. It still attracts a smattering of visitors from the North West, the Midlands and the London area. But whereas tourism once accounted for a large share of the national income it now contributes only 10 per cent.

The island has attempted to put more resources into self-

catering apartments in the past couple of years but it is a case of too little and too late.

Yet the island has some unrivalled facilities if they are to be exploited—and that exploitation need not involve over-commercialisation of its resources. Hill-walking, pony-trekking and other outdoor activities could take place in areas which would take the crowds away from Douglas and provide income for the rural areas.

Snaefell, after all, rises to just over 2,000 ft and around

the north and west of the island there is plenty of room for any number of tourists to lose themselves in the peace and quiet which are one of its main attractions.

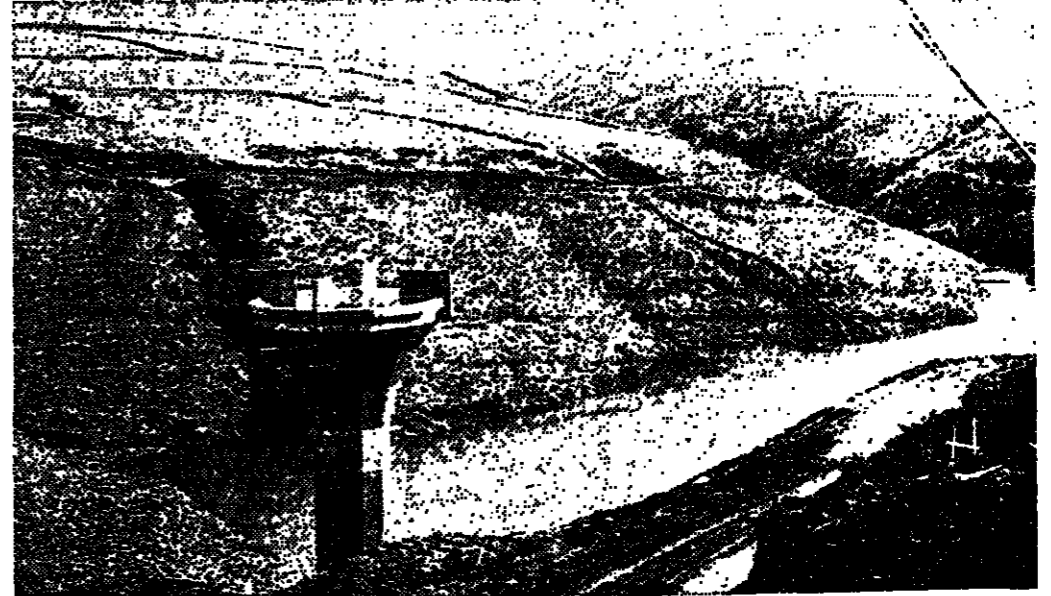
In the south, around Port Erin, Port St Mary and Castletown there are ample facilities for sailing to be developed. With a few more golf courses the place could become a golfers' paradise.

Yet none of this has been developed in a meaningful way. Those in the industry despair of the attitude of the government towards an important revenue raiser.

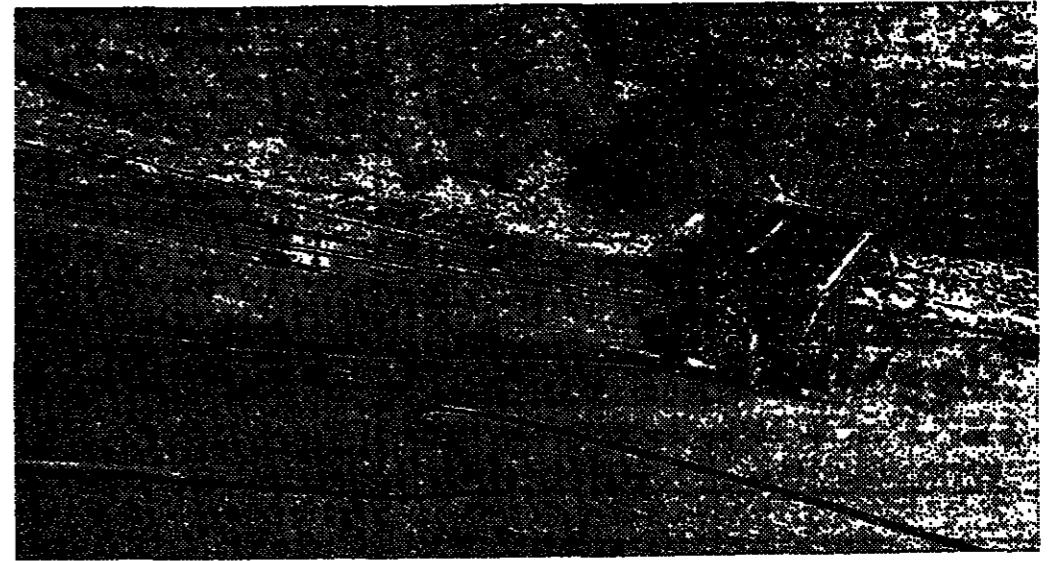
To be fair to the island there have been some moves towards the encouragement of specialist events. Three years ago the mini Ryder Cup for golf professionals was held at Castletown and this September the World Sea Angling Festival, which is expected to attract some 5,000 competitors, is to be held on the north coast.

This is the way ahead. But if the island is to attract more high-income visitors then it must undertake a programme of new hotel development. With the exception of the Palace, hotels on Douglas's front are Edwardian-type. They have undertaken a lot of improvements, like putting in bathrooms, but there is no five-star hotel on the island and this is what is needed if the well-to-do are to be lured into spending their holidays there as well as setting up homes.

Anthony Moreton



The Sulby dam—a major capital project—showing (top) the extent of the area to be flooded and (below) the sealer coat being applied to the face of the dam



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ISLE OF MAN IV

Promotion of the Manx identity worldwide—and in particular the island's financial services—is in the forefront of its Government's planning. Below are the views of a representative quartet from among leading Manx personalities concerned in this common endeavour.

PROFILE: SIR CHARLES KERRUISH

Long-serving Speaker

SIR CHARLES KERRUISH, Speaker of the House of Keys, the lower elected, house of Tynwald, since 1962, and a member of the house since 1946, is proud of two records. He is the longest serving Speaker in the Commonwealth and the only one with a daughter, Mrs Clare Christian, as a member of the legislature over which he presides. To complete the family record a cousin, Mr Edward Kerruish, entered the House of Keys in 1962 and since 1976 has been a member of the Legislative Council.

Before it was decided that the House of Keys Speaker should not be a member of any Tynwald Boards, the departmental bodies which run Manx Government Ministries, Sir Charles was chairman of the Health Services Board and a member of the Governor's Executive Council, the Manx Cabinet.

Certificates

Unlike Westminster's Mr Speaker Thomas, Sir Charles can take a full part in debates in Tynwald when Council and Keys sit together. He takes full advantage of that freedom of action, in effect speaking as a member for his constituency, GARR. In that way he has taken many political initiatives, being especially active on constitutional issues. At a recent Tynwald sit-

ting when members were agonising over the customs union with the UK he sharply told them to stop acting like a local authority and be a parliament. There can be no doubt that his words were heeded, even though Tynwald hesitated to end the agreement there and then.

Although his political life is a full one Sir Charles still finds time to be an active farmer, working the farm, Bellafayle, which he inherited from his father. Outside his own farm he has wide interests in the working of the farming community, interests which sometimes lead to clashes with the Board of Agriculture.

In farming he is especially proud of his presidency of the Manx Loughnan Sheep Breed Society. These four-horned sheep were brought to the Isle of Man by the Vikings. Sir Charles played an active part in efforts some years ago to save the breed from dying out. There are now several flocks on the island and their future appears to be safe.

He is Captain of his native parish Manxfield and well qualified, as a breeder of light horses, to fulfil one of the ancient duties of that new secure office. He could easily supply horsemen for the island's defence.

W.R.C.



Sir Charles Kerruish—free to join in debates



Mr Percy Radcliffe—strong on finance

PROFILE: PERCY RADCLIFFE

Island Prime Minister in effect

CONSTITUTIONAL evolution made it inevitable that the chairman of the Governor's Executive Council should be free from departmental ties and no longer have divided loyalties at his meetings. Just before last November's general election Tynwald agreed to this and when the new Tynwald assembled in December Mr Percy Radcliffe, a member of the Legislative Council since 1980 and a Member of the House of Keys for his home constituency of Ayre from 1963, was elected to an office which in fact makes him the Manx Prime Minister.

A farmer's son, he entered politics through his work for fellow agriculturists over a period of years. He was president of the Royal Manx Agricultural Society in 1962 and has been a member of the Island's Agricultural Marketing Association committee since 1951. After his election to the House of Keys he was appointed a member of the Local Government Board, becoming its chairman in 1966 and holding that office for 10 years. Then in the following year he became a member of the Executive Council and had his first experience of general government. This was

a period when the functions of the Local Government Board were expanding, as central government took control of local authority services, and it was a sound apprenticeship for the chairmanship of the Finance Board to which he was appointed in 1976.

Negotiations

Although at that time the Manx economy was buoyant he warned Tynwald right from the start about the need for tight control of public expenditure, a warning which was not heeded. His successor, Dr Edgar Mann, has had to take a scalpel to the estimates for the years ahead.

Tynwald at that time was also pressing for control of Customs and Excise, which had been under British control ever since 1765, with grudging concessions made over the years. So he found himself in long negotia-

tions with the UK Government which ended with the signing of a customs union agreement in 1979. This harmonised duties and VAT but allowed variations to be sought on three months' notice. So far the UK Government has turned down requests for changes, so the battle continues, with local pressure groups trying to influence the delicate negotiations.

Since his retirement from active farming Percy Radcliffe, has somehow found time to be a very active member of the Sulby community, as well as continuing his interest in the Royal Manx Agricultural Society shows, held every other year at Sulby. As if this were not enough he also finds time for his hobby of driving hackney ponies. Who knows but in the future he might be challenging Prince Phillip and George Bowen for national honours.

W.R.C.

PROFILE: 'JACK' NIVSON

Elder statesman fills new office

WHEN TYNWALD decided in 1980 that the Lieutenant Governor should no longer preside at sittings of the Legislative Council, its upper house, the senior council member, Mr John Allan Cowell Kennedy (Jack) Nivison, was elected President. A council member since 1962, he entered Tynwald as a member of the House of Keys for Middle in 1948 after serving for a short period as a member of Onchan Village Commissioners.

In business life he was the island manager for a major insurance company and it was inevitable that he should become a member of the newly formed Board of Social Services when it was formed in 1948, as well as chairman of the Board

of Social Security when it took over from the earlier board in 1951, holding that appointment until 1976. In the same year he became a member of the first Governor's Executive Council and helped to build it up from a consultative body to one with the status of a Cabinet. More recently his political life has been concerned with transport, and as Airports Board chairman he has taken part in negotiations with airlines and the UK Civil Aviation Authority (CAA). The result has been that the island's views are sought, and carefully considered, when the CAA decides on route licences which would affect the Isle of Man.

For many years he has lived in Onchan and although he is no longer a member of the

local authority takes an active interest in many village organisations. His links with Onchan were acknowledged in 1972 when he was appointed Captain of the Parish. While this is now largely a sinecure office it has ancient links, since the holder commanded the parish militia and had to parade horsemen when required by the Lord of Man.

Now an elder statesman he brings to his new office a wealth of experience and his interventions in Tynwald debates are always carefully considered. His main hobby is gardening and the garden of his Onchan home shows that his patience extends beyond the bounds of Tynwald and Board meetings.

W.R.C.



Mr J. A. C. K. Nivison—wealth of experience

PROFILE: DURSLEY STOTT

Aims of a stockbroker athlete

DURSLEY STOTT sits, literally rather than metaphorically, with his back to the wall facing the window that overlooks Douglas' financial centre, Athol Street. More important, he sits facing the large television set carrying the market price play service. It is carrying the good news about GEC's jump in turnover and profits and he is gently pleased.

These are not easy times for stockbrokers and Stott is senior partner of the island's oldest firm, R. L. Stott and Company. The firm is celebrating its centenary this year, though the Stotts only became associated with it in 1936 when his father took control.

He himself joined the company in 1959 after National Service and Cambridge. "At that time," he says, "there were a lot of Manx people in local shares and a few gifts and some overseas securities. "But there was not a lot of interest in the UK market."

Like all Manxmen he refers to Britain as the UK, it's some where else, over there. "But in the early 60s we did away with surtax and that was the starting point for a big growth in our economy, especially on the financial side. This was the start of the years of awakening."

Since then the number of brokers has also expanded. There is now, Stott says, a very strong financial community centred on Athol Street.

For years Stott—the company, that is—had been members of the provincial exchange. But in 1973, when the provincial exchange and associated exchanges such as Glasgow, Liverpool and Birmingham, were amalgamated with the London Stock Exchange he found himself in a much bigger and more important league.

He believes that the future lies with both the large and the small firms, the large being able to give those in-depth services and wide geographical



Mr Dursley Stott—lifetime commitment

coverage that is now required and the small having local knowledge and specialist services to offer.

His commitment to the firm and to the island is total. Dursley Stott never wanted to work anywhere else and there was no question about returning to Douglas at a time when many of his contemporaries were opting for life, and work, in the UK. The island was very much in a trough at that time and it took some courage to return.

"In 1959 there was not a single contemporary of mine on the island. Five to ten years later they were returning. And as the tempo of activity has increased here not only have more returned but we now have jobs to hold people."

Stott had what might be called in army terms, "an interesting university." He did enough work to get a law degree but his main interests were outside the confines of academe.

Ever since school days at King Williams' College, he had been a keen sportsman, with rugby, cricket and athletics vying for his attention.

He went up to Magdalene—then, as now, the social college whose master Sir Henry Willink,

who had been a Minister of Health under Churchill—in the autumn of 1956 after two years in the Loyals. Willink used to ask all his young undergraduates to sherry in the first year and, if he liked them, they were asked to dinner in the second year.

But the social peak was to be asked to breakfast; Stott was invited to breakfast.

At school it was thought he might get a blue at cricket and he got a freshman's trial. But he decided that cricket was too demanding and turned to athletics in his second year. He was selected as a sprinter for the relay and field events match against Oxford, but under the rules then existing did not qualify for a blue.

There was consolation; he was chosen to represent the Isle of Man in the 1958 Commonwealth Games in Cardiff and remembers lining up in one of the most high-powered heats you could imagine. The atmosphere, the crowds and the competition all excited and frightened the young man of 23.

The link with athletics remains. He is president of the Island's Commonwealth Games Association and this September will be in Brisbane with the Manx team for the next Games.

Opportunity

"I will combine it with some work in the Far East and Australia. I just can't resist it. I have been to Singapore and Australia for the past couple of years and the Games gives me an opportunity to meet people in my field."

Looking ahead, he believes the Manx Government is taking the right steps to make the island and its facilities better-known internationally and become more outward-looking. He does not want the slow links with the UK—"from across" as he puts it—broken but he does want the island to have a more international character.

The Commonwealth Games are his personal part of that search for a greater identity for the Manxman in the wider world.

A.M.

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ISLE OF MAN V

The traveller and his needs



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Getting there

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From Belfast: British Midland operates two flights daily in each direction.

From Manchester: Air UK operates two flights in each direction daily.

From Blackpool: Air UK operates two flights daily in each direction.

From Glasgow: Air UK operates one flight a day in each direction from June to September, two flights weekly for the rest of the year.

From Dublin: Air UK operates one flight a day in each direction from June to September, two flights weekly for the rest of the year. Avair operates one flight daily in each direction all the year round.

From June to September there are flights at weekends from Edinburgh and Leeds-Bradford (Air UK); from Aberdeen, Newcastle, Birmingham, East Midlands, Bristol, Cardiff and

London Gatwick (Dan-Air); from Prestwick (Logan Airways); and from Teeside (Cazair Airways).

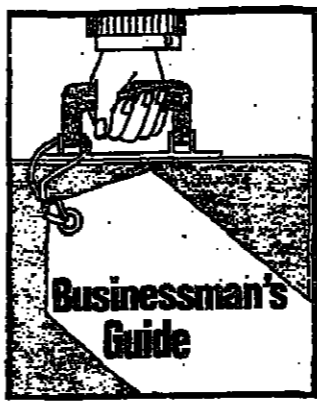
BY SEA

Isle of Man Steam Packet Co. car ferries operate throughout the year from Liverpool to Douglas, with services from Ardrossan, Belfast, and Fleetwood during the summer season. These ships can carry light commercial vehicles, and are supported by a ro-ro freight service between Liverpool and Douglas which can carry heavy loads.

SeaLink operates a ro-ro passenger-freight service between Heysham and Douglas with night sailings from Heysham every night.

Car hire and taxis

A number of garages on the island operate hire drive services; two of them, Athol Garage and Myclechreels, have branches at the airport. There are simple taxi services in all the island's towns.



Telephones

Any Isle of Man number can be dialled from the UK (STD code: 0624) and the full international facilities from British Telecom are available.

Business hours

Bank hours are 9.30 am to 3.30 pm at both the UK clearing bank branches and international banks. Office hours are generally 9 am to 5.30 pm with most offices closed on Saturday. Many close for about an hour at lunchtime.

Shops generally remain open at lunchtime, and many work a six-day week, ignoring the early closing day. Wednesday in Ramsey and Thursday elsewhere. However, some, mostly small, shops close all day on the early closing day.

Banks

UK clearing banks have several branches in the island, most being represented in all the towns. British merchant banks and international banks are also well represented, with offices mostly in Douglas.

Public holidays

As on the mainland with one extra, Tynwald Day, July 5, when the Manx Parliament meets at an open-air sitting to proclaim the laws passed during the year.

Useful addresses

Government Offices (main government business centre),

Sucks Road, Douglas (Tel: 26262).

Central Registry (company affairs and searches, civil court offices; property register), Finch Road, Douglas (Tel: 5506).

Chamber of Trade, Commerce and Industry, 6, St Georges Street, Douglas (Tel: Douglas 4941).

Restaurants

With a growing resident population, there has been an increase in the number of restaurants available throughout the year, and many have received recommendations in good food guides. In the summer season reservations are advised. Some of the larger hotels operate restaurants.

Douglas: Admiral House, Loch Promenade (29551); Boncompagni, King Edward's Road (5626); Villier's Hotel, Loch Promenade (27611); Sefton Hotel, Harris Promenade (26011); Castle Mona Hotel, Central Promenade (4356); L'Esperance, Summer Hill (23103); Palace Hotel, Central Promenade (4521).

Ramsey: Harbour Bistro, East Street (814192); Ravensdale Castle Hotel, The Glen, Ballaugh (897330).

Peel: Lively Lobster, The Quay (842789), summer only.

Castletown: Castletown Golf Links Hotel, Fort Island, Derbyhaven (822301), summer only.

Ballasalla: The Coach House (822343).

Hotels

At present there is no official grading system, but the island's Tourist Board plans to establish one soon. Hotels shown are open all the year round, although some which are seasonal only have received recommendations for catering.

Douglas: Villier's, Loch Promenade (27611); Admiral House, Loch Promenade (29551); Sefton Hotel, Harris Promenade (26011); Castle Mona Hotel, Central Promenade (4356); Empress Hotel, Central Promenade (21935); Palace Hotel, Central Promenade (4521). Tariffs vary according to the time of year.

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ISLAND NOTEBOOK

BY ANTHONY MORETON

THE MANX authorities have always taken a much more relaxed attitude towards people who want to settle there than those of other islands such as Guernsey or Jersey. For all that, it still has its problems. At the meeting of Tynwald last week a lady from Peel petitioned the parliament (one of the attractive features of the constitution) because she claimed the work-permit system was forcing her daughter and son-in-law to emigrate. The administrations of Jersey and Guernsey take the view that you can live on their islands if you can find somewhere to live but they make it extremely difficult and highly expensive to do that. Anyone can arrive on the Isle of Man and live there but the island

has very tight rules as to who can find work. No outsider can take a job if it can be shown there is an islander who is qualified and who wants the position. Of course there are ways round the rules but they take time and effort and can be self-defeating. It is understandable that there should be some regulations. Islands, especially tax havens, are attractive places to work and, in the Manx case, to live. It would be all too easy for a flood of people to come in and destroy the essential character of the place. Many Manx people are intensely worried as it is about the preservation of their quality of life and do not want to see it

trampled on by people whose only interest is to benefit from the 20p in the £ level of tax. But at what point does one draw the line? A couple of years ago an official report suggested that the population should be allowed to grow to 75,000 from its present level of just over 60,000. This caused enough of a stir but in the meantime unemployment has risen to its highest level since the 1950s and the flow of immigrants has largely stopped. Indeed, it probably is going the other way. "The wealthy income is always going back when there is a Tory Government at Westminster, especially one like Mrs Thatcher's," I was told. With the island anxiously seeking to boost its manufactur-

ing sector there is a need for more skilled people on the island. Bottlenecks are already appearing in some sectors because of shortages of particular skills, which makes the acquisition of a population policy all the harder. This does nothing to lessen the ire of the petitioner from Peel who is aggrieved to find that her family, born and brought up on the island, do not qualify for Manx status because they were away in 1975 on the day which gave people their citizenship. Lots of professional people such as doctors and others like students, seamen and servicemen suddenly found they needed a work permit to get a job in their own homeland. It's one of the

Where the rod still rules

IF THERE is one thing that cements the native islander and the income quicker than any other it is the question of birching; more particularly, the decision of the European Commission for Human Rights a couple of years ago that birching should be abolished. "They should keep their noses out of our

affairs," I was told bluntly by one civil servant of otherwise impeccable liberal convictions. "We don't want your city crime rates over here and we're determined to keep birching."

All of which is highly embarrassing for Mr William Whitehead, the Home Secretary, and the Home Office's Constitutions. Usually the UK's relations with the island are conducted through the Home Office and the UK represents the Isle of Man before bodies such as the Human Rights Commission. But the UK has no power to enforce on the island the *obiter dicta* of any outside body, so that

when Mr Whitehead was told to end birching, how could he? His fiat ends at the British shoreline. Of course he can (and no doubt does) exercise that power so eloquently described by the late Mr Iain Macleod as "lunatic persuasion". It may have won him a breathing space because the island has not birched anyone since the edict from Europe. But the island has not dropped the power, which it was told to do. One of the things about being small is that you can put your thumb to your nose to big brother with impunity, which is just what Douglas has done.

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Viking names live on

THE SENSE of being abroad comes very quickly to the visitor to Douglas. Although the town looks like any other English seaside resort it is the names that give the game away. The Manx people have distinctive names. Corkill, Ove, Keig, Kermonde, Quiggan and Quirke, make you feel you have almost, but not quite, been here before. The emphasis on names starting with the letter C or K, and to a lesser extent with Q, stem from its Viking and Gaelic antecedents. Both letters C and K are pronounced hard and thought to be based on the Gaelic Mac, meaning "son of ...". So MacIukke, the son of Luke, could have become Cucas. However, Bill Cucas, the FT's correspondent on the island, tells me that his surname, probably the second oldest to be established, might

have had a Viking derivation since the longest-established name—Mylecraine—came from that root. Corkill, for instance, is thought to have come from the Norse *Thorcell* and *Cottir* from the Norse *Ottir*. It has been possible to trace the longevity of many names from the habit of putting Balla, or "home of ...", in front of many names. Hence Ballavale or Ballasalla. The links with the Vikings are everywhere and not just in place names. The raiders arrived first in the 8th century and later settled there. It was they who gave the island its parliament, or Tynwald, a body which meets monthly even today. When the Norsemen claimed suzerainty of Man they were just adding to a kingdom that already included the Hebrides as well as parts of the mainland of Scotland.

The ex-colonial boys

THE WEALTHY immigrants who have settled in Ramsey and Port Erin to take advantage of the tax laws are for the most part not really all that wealthy. Admittedly there are people like Robert Sangster, of the Vernons Pools family, who has won just about every Derby that has been run this year. But for the most part the settlers are former Civil Servants trying to

protect their fixed pensions against inflation in a tax haven. Many of them served abroad, in Kenya or the Far East. This has led to their being known by the natives as "wheneys," a reference to their alleged opening conversations, especially in cocktail chatter, with the phrase: "When I was in Nairobi ..." or "When I was in Kuala Lumpur ..."

Respect for the wee folk

"THE ISLE OF MAN is aptly named," said my companion, the manager of one of the island's leading hotels. "There is little place for women here. The women stay at home and the men go out and make the decisions."

Perhaps he was talking as an outsider, or an "incomer" as they are sometimes known. But he must have some insight because he employs quite a few locals, women especially, in his trade. One quality that both Manx men and women do have is loyalty; his staff turnover tends to be low, certainly compared with a British hotel where it can be over 800 per cent, though this might be because jobs are hard to come by on the island at the moment.

Another quality they have is a reverence for things past. Just outside Santon, on the road from the airport into Douglas, there is a bridge called Fairy Bridge. The Manx people have a deep respect for the little folk and it was told on my first visit some years ago that every islander automatically raised his cap as he crossed the bridge. "To pay honour to the little folk, you know. If you don't the most appalling calamity will befall you."

Now talk of fairies and calamities is 'obvious nonsense to any sophisticate from the big city. Fairies belong to the world of Enid Blyton, not tax havens. On that first visit, in the company of John Griffiths, one of our motor industry writers, a similar agonise on the subject, we decided to ignore the advice. No one was going to tell city slickers like us what to do about fairies.

Later that evening we were to dine with John Webster, the island's most agreeable chief economist. John collected us in his car and on the way to the restaurant we had to cross a ford. What should happen but that the car—a Japanese model and therefore the acme of reliability—stopped in the middle of this shallow ford and refused to budge.

John, who was sitting in the front seat of the two-door car, had to take his socks and shoes off, roll up his trousers and stand in the extremely cold water trying out the points before the car would move. He was greatly cheered by the local population of young boys who appeared from nowhere to witness the scene. Ever since then I have punctiliously saluted the fairies every time I cross the bridge outside Santon.

British Telecom brings Business

to Business Man

The significant investment by British Telecom in the new technology of telecommunications has left a very beneficial mark on the Isle of Man.

Overall, it has led to the establishment of one of the most efficient local and international telephone services. And for the business community in particular it has meant the availability of a range of customer services designed to strengthen the links between all aspects of the business world. Services such as Radiopaging, Telex and Datel are all very much in use.

Creating links. Developing links. Bringing business to business. That's British Telecom for you.

British TELECOM

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Specialists in offshore international and multinational insurances and re-insurances. Especially related to self insurance and captive insurance programmes, supported by full consultancy services, risk management and insurance surveys.

28 ATHOL STREET, DOUGLAS

Telephone: 0624-3325. Telex: 628453. and at Bermuda, Gibraltar & Guernsey

WORLD STOCK MARKETS

Early decline on Wall Street

NEW YORK

Table listing New York stock market data including Dow Jones Industrial Average and various stock prices.

Table listing various US stock market indices and their performance.

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Canada

WALL STREET went narrowly lower at mid-session with Oil stocks the only bright spot in the market.

Canada

Stocks were off slightly at mid-session with losses in resource-based issues.

Canada

The Toronto Composite Index slipped 1.9 points to 1,382.4 on volume of 2.68m shares.

Canada

Among the index groupings, Metals fell 5.5 to 1,298.7, Golds dropped 2.2 to 1,742.7.

Canada

President Reagan told congressional leaders that the invasion of Iran could jeopardise the entire Gulf region.

Canada

The escalation of hostilities in the Middle East boosted some of the domestic oil stocks.

Tokyo

Shares lost ground on profit-taking in Blue Chips after four consecutive days of gains.

Tokyo

Uncertainty over the future direction of U.S. interest rates also affected Tokyo dealers.

Tokyo

The Nikkei-Dow Jones average lost 34.01 to close at 7,155 in moderate trading.

Tokyo

IBM was the volume leader and rose 1 to 564. The company reported on Tuesday a larger-than-expected gain.

Tokyo

The conflict between Iran and Iraq also overshadowed sentiment but pushed up prices of oil issues.

Tokyo

Stocks recovered from early losses to close steady, mainly on speculation over a local interest rate cut.

Hong Kong

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Germany

Shares closed mixed as foreign buying stimulated by the lower DM helped the market to recover from an earlier start.

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Indices

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NEW YORK ACTIVE STOCKS

Table listing active stocks in New York and their prices.

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Notes: Prices on this page are as quoted on the independent stock exchanges, unless stated otherwise. Disclosures are in U.S. dollars.

Companies and Markets

LONDON STOCK EXCHANGE

Investment enterprise stifled by growing concern over rail deadlock and latest Middle East conflict

Account Dealing Dates
Option
First Declared Last Account Dealing Date

GI-Edged, however, was short-lived. Scattered final movements were limited to 1/4 in each direction

clearing banks. Barclays closed a few pence off at 376p, while Lloyds, which starts the interim dividend season on Friday of next week, ended a similar amount lower at 375p

touch 280p before closing 7 down on balances at 283p. Elsewhere in Electricals, Thorn EMI, an unsettled market of late on rights issue fears, rallied 5 to 390p awaiting today's annual statement

desired but the trend was towards slightly higher levels. Stock Conversion put on 3 to 278p, while Land Securities hardened a couple of pence to 270p as did MREPC, to 169p, and Great Portland Estates, to 140p

accordingly to close below the day's best. Nevertheless, our Gold Mines index registered a rise of 18.6 to 232.2 - its biggest one-day gain since November and its best level for over a month

Mounting concern over both the rail deadlock and the latest outbreak of hostilities between Iran and Iraq stifled investment enterprise in London stock markets yesterday

Wall Street's overnight indecision imparted easiness to leading shares at the opening, but values picked up later in the morning. Interest remained centred on Glaxo and, with fresh investment demand finding sellers extremely reluctant, the shares soared 28 more to a record 783p

Interest in the drinks sector was again mainly confined to cider manufacturers. Preliminary profits from H. P. Balmer were around 11m in excess in general market estimates

Interest in the drinks sector was again mainly confined to cider manufacturers. Preliminary profits from H. P. Balmer were around 11m in excess in general market estimates

Oil shares staged a largely technical rally from recently depressed levels prompted by expectations of a reduction in the price of Saudi Arabian crude

Heavyweights were featured by Western Deep and Western Holdings which showed gains in excess of a point apiece at 113p and 114p respectively

British Funds moved narrowly, fluctuating either side of overnight levels in a business notable only for substantial switching operations, most of which occurred at the longer end of the market

One or two other constituents of the FT Industrial Ordinary share index also showed to advantage, including Plessey and Thorn EMI

Building shares passed another uninspiring trading session. Among the occasional noteworthy movements, comment on the preliminary figures prompted a rally of 6 to 164p in Magnet and Southern, but further consideration of the annual results left HAT Group 4 lower at 85p

Glaxo jump
News of the upgraded profits forecast by a leading broker fuelled fresh demand for recently popular Glaxo, which jumped 26 making a rise on the week so far of 53 to a peak of 783p

Overseas Traders generally held close to the overnight positions. Tizer Kemley and Mill-bourne were briskly traded and touched 59p before settling for a net gain of a penny at 57p

London-domiciled Financials generally closed easier on balance after a good two-way trade. This saw further buying, fuelled by gains in gold and copper, and persistent profit-taking which pared price gains

FINANCIAL TIMES STOCK INDICES
Table with columns for various indices: Government Secs., Fixed Interest, Industrial Ord., Gold Mines, Ord. Div. Yield, Earnings, P/E Ratio, Total Returns, Equity Turnover, Equity Bargains.

HIGHS AND LOWS
Table with columns for High, Low, and S.E. ACTIVITY. Includes data for Govt. Secs., Fixed Int., Ind. Ord., and Gold Mines.

Little of interest occurred in Chemicals. ICI again traded quietly and held at 296p. Support lifted Arrow 5 to 48p following a broker's recommendation

Cable & Wireless down
Cable and Wireless reported the expected impressive preliminary profits and were immediately marked up to 293p but this only attracted profit-takers and the shares fell to

Occasional changes in Trusts were usually confined to a few pence either way. Graham House, up 4 at 154p, became a better market after the recent setback on adverse Press mention

Erratic movements in the bullion price, following reports of the Iranian invasion of Iraq and the reflecting hopes of further cuts in international interest rates, led to a day of wild swings and heavy turnover in South African Golds

RECENT ISSUES

EQUITIES
Table listing various equity issues with columns for Issue Price, Amount, Date, and Stock.

FIXED INTEREST STOCKS
Table listing fixed interest stocks with columns for Issue Price, Amount, Date, and Stock.

"RIGHTS" OFFERS
Table listing rights offers with columns for Issue Price, Amount, Date, and Stock.

Remember that data usually last-day for dealing time of stamp duty. A figure based on prospectus estimates. Dividend rate paid or payable on a part of capital cover based on dividend on full capital. G Assumed dividend and yield. Indicated dividend cover ratios to previous dividend. P/E ratio based on latest annual earnings. Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. P Figures or report omitted. U Unlisted Securities. V Dividend. W London Listing. X Electric issue price after scrip. Y Formerly dealt in under 10p (1982). Z Z issue comprising five ordinary and three Cap. shares. A Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS
Table listing active stocks with columns for Stock, Closing price, Day's change, and Stock.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Wed July 14 1982, and Year (approx.). Includes sub-sections like CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

FIXED INTEREST
Table with columns for PRICE INDICES, Wed July 14, and Year (approx.). Includes sub-sections like British Government, Foreign Govts, etc.

NEW HIGHS AND LOWS FOR 1982

Table listing new highs and lows for 1982, including BRITISH FUNDS, AMERICAN FUNDS, EUROPEAN FUNDS, etc.

A FINANCIAL TIMES SURVEY PANAMA August 9 1982
The Financial Times is planning to publish a Survey on Panama in its issue of August 9, 1982. The provisional editorial synopsis is set out below.
INTRODUCTION The legacy of General Omar Torrijos, the country's strongman, and the emergence of Colonel Ruben Dario Paredes, the new Commander of the National Guard as his successor. The stable country's new geopolitical role in the light of Central America's unrest. Economic prospects brighten. Editorial coverage will also include:
Economy
Politics
The Canal
The Colon Free Trade Zone
Banking
Insurance and Reinsurance
Foreign Policy
Defence
Bananas
Tourism
Profiles
Businessman's Diary
Copy date July 23, 1982
Helen Lees or Richard Oliver
Financial Times, Bracken House,
10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 Ex 3238/3447 Telex 885033 FINTIM G
For further information and advertisement rates please contact:
The size, contents and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor
FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

CURRENCIES and MONEY

\$ & £ steady

The dollar showed little overall change in currency markets yesterday in the absence of any clear trend on interest rates. There may have been some demand generated by increased Middle East tension between Iran and Iraq but this did not appear to be a dominant factor. Sterling was very steady overall, as shown in its trade-weighted index, which was unchanged throughout. DOLLAR - Trade-weighted index (Bank of England) 121.5 against 121.3 on Tuesday and 109.3 six months ago. Three-month Treasury bills 12.05 per cent (12.14 per cent six months ago). Annual inflation rate 6.7 per cent (6.6 per cent previous month) - The dollar rose initially in thin trading against European currencies apart from sterling and then eased back during the afternoon. However, demand from the U.S. pushed it sharply firmer towards the close before slipping back to finish largely unchanged. Against the D-mark it finished at DM 2.4940 compared with DM 2.4950 and SwFr 2.1275 from SwFr 2.1260. Against the Japanese yen it closed at ¥241.10 from ¥237.87. STERLING - Trade-weighted index 91.3 unchanged from noon and the opening and Tuesday's close (90.1 six months ago). Three-month interbank 12 1/4 per cent (12 1/8 per cent six months ago). Annual inflation rate 6.7 per cent (6.4 per cent previous month) - Sterling opened at \$1.7345 against the dollar and rose to a best level of \$1.7275 before slipping in the afternoon to touch a low of \$1.7287 at closed at \$1.7320-1.7340, a fall of just 5 points from Tuesday's close in London. It was unchanged against the Swiss franc at SwFr 3.6675 and only slightly down in terms of the D-mark at DM 2.4930 from DM 2.4950. The French franc rose to Bfr 8.6375 from Bfr 8.6360.

FFr 11.93 from Ffr 11.9350. D-MARK - EMS member unchanged at 124.2 and 121.7 six months ago. Three-month interbank 9.475 per cent (10.60 per cent six months ago). Annual inflation 5.8 per cent (5.3 per cent previous month) - The D-mark showed mixed changes at yesterday's fixing in Frankfurt. The dollar rose to DM 2.4955 from DM 2.4793 with the Bundesbank selling DM 15.35m at the fixing and sterling was higher at DM 4.3020 compared with DM 4.2960. The Swiss franc lost ground, however, to DM 1.1731 from DM 1.1749. Within the EMS the French franc was higher at DM 38.01 from Ffr 100 from DM 35.08 while the Belgian franc slipped to DM 5.2440 from Bfr 100 from DM 5.2500. The dollar's firmer trend was attributed mainly to higher Euro-dollar rates caused by increased Middle East tension. Trade-weighted index 94.9 against 95.0 on Tuesday and 104.6 six months ago. Three-month Treasury bills 15.25 per cent (15 per cent six months ago). Annual inflation 9.8 per cent (9.5 per cent previous month) - The Belgian National Bank sold the equivalent of Bfr 2bn in the foreign exchange market last week according to figures released yesterday. Such action serves to underline the relative strength enjoyed by the Belgian currency just recently although it seems unlikely that the authorities will cut the discount rate this week according to market sources. At yesterday's fixing the dollar rose to Bfr 47.56 from Bfr 47.28 and sterling was higher at Bfr 83.00 compared with Bfr 81.57. Within the EMS the D-mark improved slightly to Bfr 19.0575 from Bfr 19.0635 and the French franc rose to Bfr 8.6375 from Bfr 8.6360.

THE POUND SPOT AND FORWARD. Table with columns: July 14, Day's spread, Close, One month, % Three months, % Six months. Rows include U.S., Canada, Netherlands, Belgium, Denmark, Ireland, France, Spain, Italy, Norway, Sweden, Japan, Australia, New Zealand, Switzerland, and a section for convertible francs.

THE DOLLAR SPOT AND FORWARD. Table with columns: July 14, Day's spread, Close, One month, % Three months, % Six months. Rows include UKI, Ireland, Netherlands, Belgium, Denmark, Portugal, Spain, Italy, Norway, France, Sweden, Austria, and Switzerland.

CURRENCY MOVEMENTS. Table with columns: July 14, Bank of England, Morgan Guaranty, Index, Change. Rows include Sterling, Canadian dollar, Australian dollar, New Zealand dollar, Swiss franc, Japanese yen, and others.

CURRENCY RATES. Table with columns: July 14, Bank rate, Special Drawing Rights, European Currency Unit. Rows include Sterling, Canadian dollar, Australian dollar, New Zealand dollar, Swiss franc, Japanese yen, and others.

OTHER CURRENCIES. Table with columns: July 14, Note Rates. Rows include Argentina, Australia, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Iran, Israel, Italy, Kuwait, Luxembourg, Malaysia, New Zealand, Singapore, South Africa, and others.

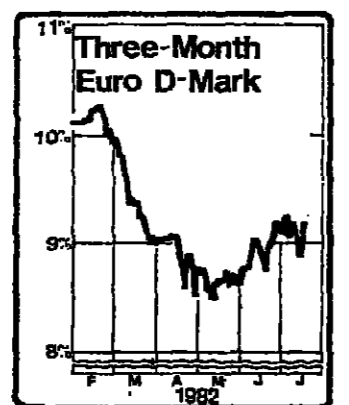
EMS EUROPEAN CURRENCY UNIT RATES. Table with columns: ECU, Currency, % change from adjusted ECU, % change from divergence, Divergence limit. Rows include Belgian franc, Danish krone, German D mark, French franc, Dutch guilder, Irish punt, Italian lira, and others.

EXCHANGE CROSS RATES. Table with columns: July 14, Pound sterling, U.S. dollar, Deutschmark, Japanese yen, French franc, Swiss franc, Dutch guilder, Italian lira, Canadian dollar, and others.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 14). Table with columns: 3 months U.S. dollars, 6 months U.S. dollars. Rows include bid and offer rates for various currencies.

EURO-CURRENCY INTEREST RATES (Market closing rates). Table with columns: July 14, Short term, Month, Three months, Six months, One year. Rows include Sterling, U.S. dollar, Canadian dollar, Dutch guilder, Swiss franc, French franc, German mark, Italian lira, and others.

MONEY MARKETS London rates steady. UK clearing bank base lending rate 12 per cent (since July 14). Short-term interest rates showed little change in the London money market yesterday, with one, three and six-month interbank all unchanged at 12 1/4, 12 1/8 and 12 1/2 per cent. On the other hand the key overnight rate eased by 1/4 per cent to 12 1/4 per cent. Day-to-day credit was in very short supply, and the authorities may not have provided enough help to take out the full interbank rates very firm at 18 per cent at the close. A shortage of £600m was forecast in the morning, but this was amended to £700m in the afternoon, while the Bank of England provided £80m assistance. Market sources suggested that the true shortage may have been even higher than the last forecast. The major factors were: bills maturing in official hands and a net market take-up of Treasury bills - £262m; the unwinding of repurchase agree-



EUROCURRENCIES Short \$ rates ease. Short-term Eurodollar rates eased yesterday, but longer term rates showed a slightly firmer tone on speculation that U.S. interest rates may turn up once again at some time within the foreseeable future. An easing of the Federal funds overnight rate in the New York domestic market tended to depress the dollar in spot foreign exchange trading, while the decline in the general level of Eurocurrency rates tended to widen forward premiums of the stronger European currencies against the dollar. Euro Swiss franc rates fell by about 1/4 per cent leading to a strengthening of the Swiss currency in the forward market, while the D-mark showed a similar trend forward, although Euro D-mark rates were little changed. With French markets closed for the Bastille Day holiday, Euro French franc rates were also fairly steady, but the forward franc was somewhat erratic.

LONDON MONEY RATES. Table with columns: July 14 1982, Sterling, Interbank, Local, Local Auth, Finance, Discount, Treasury, Eligible, Prime. Rows include various interest rates and rates for different currencies.

MONEY RATES. Table with columns: NEW YORK, Prime rate, Fed funds, Treasury bills, Lombard. Rows include interest rates for various currencies and terms.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS. Large table listing various trust services, including names of trust companies, their addresses, and contact information. Includes sections for 'Authorised Trusts' and 'Authorised Unit Trust Managers'.

INSURANCES

Table listing various insurance companies and their products, including Abbey Life Assurance Co. Ltd., Allstate Life Insurance Co. Ltd., and others.

Table listing various insurance companies and their products, including American Life Insurance Co., British Overseas Life Insurance Co., and others.

Table listing various insurance companies and their products, including Canadian Life Insurance Co., Commercial Union Group, and others.

Table listing various insurance companies and their products, including Crown Life Insurance Co., Fidelity Investments, and others.

Table listing various insurance companies and their products, including Granville Mutual Limited, Guinness Mahon Int. Fund, and others.

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including Abbey Life Assurance Co., Allstate Life Insurance Co., and others.

NOTES
Prices are in pence unless otherwise indicated and are for the closing of the day.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, high, low, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Land, City of London, and National Westminster, with columns for stock price, high, low, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British American, British Columbia, and British Overseas, with columns for stock price, high, low, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

SANYO INTERNATIONAL LTD. logo and contact information for London EC2Y 8BP United Kingdom.

MINES—Continued

Table of mines stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, high, low, and volume.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades stocks including companies like British Aerospace and Rolls Royce.

Commercial Vehicles

Table of commercial vehicles stocks including companies like Leyland and Leyland DAF.

Components

Table of components stocks including companies like Lucas and Lucas Industries.

Garages and Distributors

Table of garage and distributor stocks including companies like British Leyland and British Leyland Finance.

SHIPPING

Table of shipping stocks including companies like British Overseas Airways and British Overseas Airways Corporation.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Leather and British Leather Finance.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American and De Beers.

TEXTILES

Table of textiles stocks including companies like British Textiles and British Textiles Finance.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International and News International Finance.

PAPER, PRINTING

Table of paper and printing stocks including companies like News International and News International Finance.

PROPERTY

Table of property stocks including companies like British Land, City of London, and National Westminster.

INSURANCE

Table of insurance stocks including companies like British American, British Columbia, and British Overseas.

LEISURE

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas.

TOBACCO

Table of tobacco stocks including companies like British American and British American Finance.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British American, British Columbia, and British Overseas.

PROPERTY

Table of property stocks including companies like British Land, City of London, and National Westminster.

INSURANCE

Table of insurance stocks including companies like British American, British Columbia, and British Overseas.

LEISURE

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas.

OVERSEAS TRADERS

Table of overseas traders stocks including companies like British American, British Columbia, and British Overseas.

RUBBERS AND SISALS

Table of rubbers and sisals stocks including companies like British American, British Columbia, and British Overseas.

TEAS

Table of teas stocks including companies like British American, British Columbia, and British Overseas.

MINES

Table of mines stocks including companies like Anglo American, De Beers, and Anglo Coal.

Far West Rand

Table of Far West Rand stocks including companies like Anglo American, De Beers, and Anglo Coal.

O.F.S.

Table of O.F.S. stocks including companies like Anglo American, De Beers, and Anglo Coal.

OIL AND GAS

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI.

Miscellaneous

Table of miscellaneous stocks including companies like British American, British Columbia, and British Overseas.

NOTES

Notes and footnotes providing additional information about the stocks listed, including company details and financial data.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including companies like British American, British Columbia, and British Overseas.

OPTIONS

Table of options stocks including companies like British American, British Columbia, and British Overseas.

3-month Call Rates

Table of 3-month call rates including companies like British American, British Columbia, and British Overseas.

Chamberlain & Willows THE PROPERTY ADVISERS

HERBERT Machine Tool Technology - British and Best

HOWE SET TO URGE TIGHT REIN ON BUDGETS

Ministers warned on spending

BY PETER RIDDELL, POLITICAL EDITOR
SIR GEOFFREY HOWE, the Chancellor, will try this morning to persuade the Cabinet to agree to keep public spending levels next year as close as possible to existing plans...

Council wins deal on refuse service

By John Lloyd, Labour Editor
WANDSWORTH COUNCIL is going ahead with its plans to contract out refuse collection, after winning the agreement of shop stewards...

THE LEX COLUMN

Loud and clear from C & W

Nervous holders of Cable and Wireless who sold out last year 200p at the end of last year will not have appreciated the subsequent rise in the price to a peak of 285p...

Turkey's deputy premier resigns

BY METIN MUNIR IN ISTANBUL
MR TURGUT OZAL, Turkey's deputy prime minister and architect of the country's economic recovery in the past 18 months, resigned yesterday after disagreeing with the military government over the conduct of its policies...

Index fell 0.5 to 553.8

elimination and a lower level of redundancy payments. At this stage, given that licensing income will be sharply lower, it is hard to imagine 1982's pre-tax profits being much above last year's £53m...

Four operators

Holiday tour operators enjoyed booming business far further into the recession than anyone expected. But this summer the level of bookings has dropped off and there are few signs of a late surge...

Pilkington

The chairman of Pilkington Brothers warns that UK trading results will again be depressed this year, but adds that prospects overseas are again "good overall"...

Nurses' ballot move upsets health unions

BY JOHN LLOYD, LABOUR EDITOR
THE Royal College of Nursing, the main nursing union, yesterday disappointed the TUC-affiliated health unions with a narrow decision to ballot its members on the Government's 7.5 per cent offer to nurses...

Rail closure deadline Banco Ambrosiano

Continued from Page 1
strikers saying that they are in breach of their contracts of employment, and are therefore dismissed. Included in the letters, which will go to probably just under 23,000 staff will be a simultaneous offer of immediate re-engagement on condition that an undertaking to work the new flexible rosters is signed...

Weather

UK TODAY
OUTBREAKS of rain, mostly with thunder in places. Most of England: heavy showers. Max 24C (75F). Western regions: Rain heavy at times. Max 23C (73F)...

WORLDWIDE

Table with columns for location, time, and weather conditions (e.g., Aljacoit, Algeira, Athens, etc.)

NEWS REVIEW

BUSINESS
Oman chooses Ferranti Laser Ranger
Designed and manufactured by Ferranti Electro-optics, the Type 520 Laser Rangers, which form part of the Vickers Instruments L20 sight, have been selected to equip the Qayidairah main battle tanks...

Large Screen Display

Following a recent demonstration, two major export orders for the Large Screen Tactical Display System have been won by Ferranti Computer Systems...

Ferranti Electronics has introduced the ZN436 4-bit digital-analogue converter. In two versions—ZN436B, a moulded package for commercial applications and ZN436A, a ceramic-packaged converter designed to operate over the full military temperature range...

RESULTS

Strong growth from Ferranti

This month's annual report from Ferranti shows the company maintaining its first half momentum and looking forward to further progress. With turnover up 13% at £306.9m profit before tax reached £23.8m, an advance of 31%...

SUMMARY OF RESULTS table with columns for 1982, 1981, and Increase (Turnover, Profit before tax, Earnings per stock unit, Dividend per stock unit)

BOOKLET

Ferranti in Perspective

Ferranti has issued a booklet to shareholders and employees - titled "Ferranti in Perspective". It reviews activity and development over the last seven years...

Cable and Wireless makes £97.7m profit

BY GUY DE JONQUIERES
CABLE and Wireless, the telecommunications group in which the Government sold almost half its shares last October, reported pre-tax profits of £97.7m for the year to March 31, up from £82m the previous year. The results were ahead of October's forecast...

The good news is FERRANTI Selling technology